

LYTE LADDERS AND TOWERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

LYTE LADDERS AND TOWERS LIMITED

COMPANY INFORMATION

Directors	R Robinson M Walton M Welden L Sarai A McTear
Registered number	11776103
Registered office	14th Floor 33 Cavendish Square London W1G 0PW
Independent auditors	Simmons Gainsford LLP Chartered Accountants & Statutory Auditors 14th Floor 33 Cavendish Square London W1G 0PW

LYTE LADDERS AND TOWERS LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Business review

The Company's principal activity is to design, manufacture and distribute ladders, steps and towers, operating from Swansea and distributing throughout the UK and Ireland. 2020 was the first complete year of trading for Lyte Ladders and Towers Ltd.

Following on from the 2019 acquisition the first phase of the detailed turnaround plan (restoring the business to profitability) was completed during 2020 despite the global Covid pandemic.

The 2 halves of the year were very different stories, the business was closed for April and early part of May as the Covid pandemic gathered momentum. The turnover in the first half of the year was £3.4m whilst the second half turnover was £5.8m. Total turnover for the year finished at £9.2m and reported gross margin at £1.6m at 17%.

The focus of the management team has been to exceed customer expectations across delivery & service and to grow volumes as a trusted partner which has proved successful during a very difficult year operationally.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

Price risk

The price of Aluminium fluctuates due to raw material cost and demand. Any tariffs imposed can also impact cost. This is a risk common to all companies operating within the ladder industry. The Company's strategy on this is to maintain a prudent approach to stock levels, actively managing stock using detailed system information to ensure that excess inventory is not carried, whilst also ensuring the stock range covers all our customer requirements. The Company also has a range of suppliers and so has no concerns regarding continuity of supply.

UK market demand

Brexit has not significantly impacted the business, however Lyte has expanded with the creation of Lyte Ladders and Towers Ireland Ltd legal entity in the summer of 2021, to enable smooth transition of supply and demand from the European Union.

As well as our continued customer service ethos, we continue to focus on overhead control and have already substantially reduced overheads in 2020 in response to the Covid 19 impact on the economy. We retain significant facility headroom to meet these challenges.

Credit and liquidity risk

The Company's principal financial assets are trade debtors, the majority of which are fully insured. The Company has no significant concentration of credit risk with a single counterparty as exposure is spread over several counterparties.

The Company's principal financial liabilities are its bank loans and trade creditors, which are managed through detailed cash forecasting and we maintain significant headroom in our facilities.

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

Interest rate risk

The Company monitors the financial risk of interest rate movements on a regular basis, and the impact rises would have on profitability. Interest rates are expected to rise in the short to medium term, but the Company is well placed to deal with any such increases.

Amounts owed from connected undertakings are monitored and actively managed monthly to ensure these are at a level that is acceptable for all parties involved.

Financial key performance indicators

We consider that our main Key Performance Indicators are underlying Gross profit, overhead control, and levels of stock. These are set out below for the year:

2020 2019

Gross Profit (£ 000's) 1,535 (17%) 1,885 (18%)

Stock Turn (CoGs / Stock) 6.1 8.3

At an operational level orders, revenue, and gross profit percentage are managed daily.

The Company also monitors staff turnover, as retention of skilled employees is essential for the prosperity of the Company.

Covid-19 impact statement

The global Coronavirus pandemic has caused unprecedented uncertainty across the manufacturing sector with the direct impact and ripple effect of the economic fallout currently unknown.

As a result of the pandemic and the initial lockdown, a decision was taken to temporarily suspend operations.

In the first instance the health & safety and welfare of our staff, customers and suppliers was of paramount importance. The Company invested in PPE, sanitisation stations, work screens and temperature checking equipment where it was essential for staff, customers and suppliers to attend work premises together with social distancing measures and signage being employed.

The Company encouraged remote working where possible and invested in technology and equipment for its staff to facilitate this transition. Where staff need to attend the work premises or other premises there are strict guidelines on temperature checking, social distancing and hygiene measures that should be adopted.

The Company continues to monitor closely the government and WHO guidance to ensure compliance with those guidelines in providing a safe environment for all concerned.

The Company has also taken certain financial measures to ensure that it remains in a position where it can continue to meet its forecast liabilities as they fall due.

Steps include: -

- Additional CBILS funding;
- Enhanced cost reduction measures; and
- Making use of relevant government support including the Coronavirus Job Retention Scheme.

Based on the steps undertaken and with the continued support of the Company's bank, the financial statements have been prepared on a going concern basis.

LYTE LADDERS AND TOWERS LIMITED

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

This report was approved by the board on 28 September 2021 and signed on its behalf.

M Welden
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Results and dividends

The loss for the year, after taxation, amounted to £535,991 (2019 - profit £357,420).

Directors

The directors who served during the year were:

J Greene (resigned 15 December 2020)
R Robinson
M Walton
M Welden

On 20 January 2021, A McTear and L Sarai were appointed directors.

Matters covered in the strategic report

The directors have chosen to disclose information on the following, required by the Companies Act 2006 to be included in the Directors' Report, within the Strategic Report found on pages 1 to 2:

- information on financial risk management and policies; and
- information regarding future developments of the business.

LYTE LADDERS AND TOWERS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditors

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

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

Auditors

The auditors, Simmons Gainsford LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 September 2021 and signed on its behalf.

M Welden

Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LYTE LADDERS AND TOWERS LIMITED

Opinion

We have audited the financial statements of Lyte Ladders and Towers Limited (the 'Company') for the year ended 31 December 2020, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes, 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, including Financial Reporting Standard 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 state of the Company's affairs as at 31 December 2020 and of its loss 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LYTE LADDERS AND TOWERS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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 our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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 4, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LYTE LADDERS AND TOWERS LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

In order to identify and assess the risks of material misstatements, including fraud and non-compliance with laws and regulations that could be expected to have a material impact on the financial statements, we have considered:

- the results of our enquiries of management and those charged with governance of their assessment of the risks of fraud and irregularities;
- the nature of the company, including its management structure and control systems, including the opportunity for management to override such controls;
- management's incentives and opportunities for fraudulent manipulation of the financial statements including the company's remuneration and bonus policies and performance targets; and
- the industry and environment in which it operates.

We also considered UK tax and pension legislation and laws and regulations relating to employment and the preparation and presentation of the financial statements such as the Companies Act 2006.

Based on this understanding we identified the following matters as being of significance to the entity:

- laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, Company Law, tax and pension legislation and distributable profits legislation;
- the timing of the recognition of commercial income;
- compliance with legislation relating to GDPR, health and safety, quality control, solvency requirements, environmental legislation;
- management bias in selecting accounting policies and determining estimates;
- inappropriate journal entries;
- recoverability of debtors; and
- the requirement to include provisions against stock and the amount of any such provision.

We communicated the outcomes of these discussions and enquiries, as well as consideration as to where and how fraud may occur in the entity, to all engagement team members.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised:

- enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations;
- enquiries with the same concerning any actual or potential litigation or claims;

- discussion with the same regarding any known or suspected instances of non-compliance with laws and regulation and fraud;
- inspection of relevant legal correspondence;
- assessment of matters reported to management and the result of the subsequent investigation;
- obtaining an understanding of the relevant controls and testing their operation during the period;

LYTE LADDERS AND TOWERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LYTE LADDERS AND TOWERS LIMITED (CONTINUED)

- obtaining an understanding of the policies and controls over the recognition of income and testing their implementation during the year;
- review documentation relating to compliance with the regulations including insurance and quality accreditations;
- challenging assumptions made by management in their specific accounting policies and estimates, in particular in relation to carrying value of stock.
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or crediting revenue or cash;
- accessing the recovery of debtors in the period since the balance sheet date and challenging assumptions made by management regarding the recovery of balances which remain outstanding;
- reviewing the financial statements for compliance with the relevant disclosure requirements;
- performing analytical procedures to identify any unusual or unexpected relationships or unexpected movements in account balances which may be indicative of fraud;
- reviewing the minutes of Board meetings and correspondence with HMRC;
- evaluating the underlying business reasons for any unusual transactions; and
- considered the implementation of controls during the year.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

Use of our report

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

Daryush Farshchi-Heidari FCA (Senior statutory auditor)

for and on behalf of

Simmons Gainsford LLP

Chartered Accountants
Statutory Auditors

14th Floor
33 Cavendish Square
London
W1G 0PW

LYTE LADDERS AND TOWERS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Turnover	4	9,239,493	10,619,454
Cost of sales		(7,670,493)	(8,734,250)
Gross profit		1,569,000	1,885,204
Administrative expenses		(2,361,524)	(1,265,405)
Other operating income	5	611,739	-
Operating (loss)/profit	6	(180,785)	619,799
Interest payable and similar expenses	10	(355,206)	(262,379)
(Loss)/profit before tax		(535,991)	357,420
Tax on (loss)/profit	11	-	-
(Loss)/profit for the financial year		(535,991)	357,420

There were no recognised gains and losses for 2020 or 2019 other than those included in the profit and loss account.

The notes on pages 13 to 29 form part of these financial statements.

LYTE LADDERS AND TOWERS LIMITED
REGISTERED NUMBER: 11776103

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	3,614,119	3,758,669
		<u>3,614,119</u>	<u>3,758,669</u>
Current assets			
Stocks	14	1,267,006	1,050,897
Debtors: amounts falling due within one year	15	1,853,565	2,002,724
Cash at bank and in hand		44,434	58,859
		<u>3,165,005</u>	<u>3,112,480</u>
Creditors: amounts falling due within one year	16	(3,061,513)	(4,821,715)
Net current assets/(liabilities)		<u>103,492</u>	<u>(1,709,235)</u>
Total assets less current liabilities		3,717,611	2,049,434
Creditors: amounts falling due after more than one year	17	(3,896,082)	(1,691,914)
Net (liabilities)/assets		<u>(178,471)</u>	<u>357,520</u>
Capital and reserves			
Called up share capital	19	87	100
Capital redemption reserve	20	13	-
Profit and loss account	20	(178,571)	357,420
Shareholders' (deficit)/funds		<u>(178,471)</u>	<u>357,520</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2021.

M Welden

Director

The notes on pages 13 to 29 form part of these financial statements.

LYTE LADDERS AND TOWERS LIMITED

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

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
Profit for the period	-	-	357,420	357,420
Shares issued during the period	100	-	-	100
At 1 January 2020	100	-	357,420	357,520
Loss for the year	-	-	(535,991)	(535,991)
Purchase of own shares	-	13	-	13
Shares cancelled during the year	(13)	-	-	(13)
At 31 December 2020	<u>87</u>	<u>13</u>	<u>(178,571)</u>	<u>(178,471)</u>

The notes on pages 13 to 29 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

The Company is a private limited company, incorporated in England and its registered office is 14th Floor 33 Cavendish Square, London, England, W1G 0PW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The global Coronavirus pandemic has caused unprecedented uncertainty across the manufacturing sector with the direct impact and ripple effect of the economic fallout currently unknown.

As a result of the pandemic and the initial lockdown a decision was taken to temporarily suspend operations and the Company has been taking certain financial measures to ensure that it remains in a position where it can continue to meet its forecast liabilities as they fall due.

Steps include: -

- Additional CBILS funding;
- Enhanced cost reduction measures; and
- Making use of relevant government support including the Coronavirus Job Retention Scheme.

Based on the steps undertaken and with the continued support of the Company's bank, the financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	10 years straight line
Motor vehicles	-	4 years straight line
Fixtures and fittings	-	8 years straight line
Office equipment	-	4 years straight line
Tooling	-	3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the profit or loss in the same period as the related expenditure.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. Management are also required to exercise judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Carrying value of stock

Management review the market value of and demand for the company's stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Any provision for impairment is recorded against the carrying value of the stocks. Management use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

Tangible fixed assets

It is the company's policy to measure freehold and leasehold properties at fair value less depreciation. The residual values of the properties are taken into consideration in this calculation. As at 31 December 2020 the directors do not consider the residual value of the properties to be materially different to the revalued amounts, therefore the depreciation charge on buildings is £nil.

4. Turnover

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Turnover	<u>9,239,493</u>	<u>10,619,454</u>

All turnover arose from the Company's principal activity.

5. Other operating income

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Government grants receivable	<u>611,739</u>	<u>-</u>

LYTE LADDERS AND TOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Amortisation of intangible fixed assets	-	(1,918,321)
Depreciation of tangible fixed assets	192,970	164,512
Auditors' remuneration	24,000	20,000
Other operating lease rentals	37,363	52,502
Exchange differences	<u>33,862</u>	<u>12,267</u>

7. Auditors' remuneration

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

LYTE LADDERS AND TOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Wages and salaries	1,246,598	1,838,682
Social security costs	221,128	182,592
Cost of defined contribution scheme	61,129	60,972
	<u>1,528,855</u>	<u>2,082,246</u>

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

	Year ended 31 December 2020 No.	Period ended 31 December 2019 No.
Sales & administration	27	28
Production & warehouse	112	136
	<u>139</u>	<u>164</u>

9. Directors' remuneration

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Directors' emoluments	202,468	249,416
Company contributions to defined contribution pension schemes	15,672	18,152
	<u>218,140</u>	<u>267,568</u>

LYTE LADDERS AND TOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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10. Interest payable and similar expenses

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Bank interest payable	144,393	138,899
Other loan interest payable	210,813	123,480
	<u>355,206</u>	<u>262,379</u>

11. Taxation

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Current tax on profits for the year	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
(Loss)/profit on ordinary activities before tax	(535,991)	357,420
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(101,838)	67,910
Effects of:		
Non-tax deductible amortisation of goodwill	-	(355,584)
Expenses not deductible for tax purposes	-	11,588
Capital allowances for year/period (in excess) of depreciation	27,465	(48,513)
Fair value adjustment to acquired stock and provisions	-	146,117
Changes in provisions leading to an increase in the tax charge	1,622	-
Unrelieved tax losses carried forward	83,769	169,964
Other differences leading to a decrease in the tax charge	(11,018)	-
Group relief	-	8,518
Total tax charge for the year/period	-	-

Factors that may affect future tax charges

The company has estimated losses of £1.3m (2019: £0.9m) to carry forward against future profits. No deferred tax asset has been recognised in respect of the losses arising due to the uncertainty as to when the asset will be recovered.

On 3 March 2021, the Government announced an increase in the rate of corporation tax to 25% from 1 April 2023 on all profits when they exceed £250,000 and this change in rate was enacted on 10 June 2021. Where profits fall between £50,000 and £250,000, a marginal rate will be applied to taper the increase in the corporation tax rate.

LYTE LADDERS AND TOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Intangible assets

	Negative goodwill £
Cost	
At 1 January 2020	(1,918,321)
At 31 December 2020	<u>(1,918,321)</u>
Amortisation	
At 1 January 2020	(1,918,321)
At 31 December 2020	<u>(1,918,321)</u>
Net book value	
At 31 December 2020	<u><u>-</u></u>

Negative goodwill relates to the acquisition of the trade and assets of Lyte Industries (Wales) Limited that occurred on 23 January 2019.

LYTE LADDERS AND TOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2020	2,416,500	1,222,377	199,619	84,685	3,923,181
Additions	-	18,805	20,598	9,017	48,420
At 31 December 2020	2,416,500	1,241,182	220,217	93,702	3,971,601
Depreciation					
At 1 January 2020	-	126,936	22,136	15,440	164,512
Charge for the year on owned assets	-	145,563	25,470	21,937	192,970
At 31 December 2020	-	272,499	47,606	37,377	357,482
Net book value					
At 31 December 2020	2,416,500	968,683	172,611	56,325	3,614,119
At 31 December 2019	2,416,500	1,095,441	177,483	69,245	3,758,669

14. Stocks

	2020 £	2019 £
Raw materials and consumables	694,589	930,502
Work in progress	93,963	36,951
Finished goods and goods for resale	478,454	83,444
	1,267,006	1,050,897

LYTE LADDERS AND TOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. Debtors

	2020 £	2019 £
Trade debtors	1,688,121	1,827,178
Other debtors	64,075	33,552
Prepayments and accrued income	101,369	141,994
	<u>1,853,565</u>	<u>2,002,724</u>

16. Creditors: Amounts falling due within one year

	2020 £	As restated 2019 £
Bank loans	1,141,399	1,782,524
Other loans	-	1,123,480
Trade creditors	604,668	273,322
Other taxation and social security	520,935	436,278
Other creditors	90,533	171,908
Accruals and deferred income	703,978	1,034,203
	<u>3,061,513</u>	<u>4,821,715</u>

Included within bank loans is an amount of £1,141,399 (2019: £1,782,524) in relation to a working capital facility, term loans and CBILS, secured by way of fixed and floating charges over all assets of the company.

Included within other loans is an amount of £nil (2019: £331,624) in relation to a parent company loan, secured by way of a debenture over all assets of the company. This security is subordinated to the bank debt.

Included within other loans is an amount of £nil (2019: £791,856) secured by way of a debenture over all assets of the company. This security is subordinated to the bank debt.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

17. Creditors: Amounts falling due after more than one year

	2020 £	As restated 2019 £
Bank loans	1,952,907	1,533,914
Other loans	1,864,175	-
Other creditors	79,000	158,000
	<u>3,896,082</u>	<u>1,691,914</u>

Included within bank loans is an amount of £1,952,907 (2019: £1,533,914) in relation to term loans and CBILS, secured by way of fixed and floating charges over all assets of the company.

Included within other loans is an amount of £216,942 (2019: £nil) in relation to a related party loan, secured by way of a fixed and floating charge over all assets of the company. This security is subordinated to the bank debt.

Included within other loans is an amount of £372,252 (2019: £nil) in relation to a parent company loan, secured by way of a debenture over all assets of the company. This security is subordinated to the bank debt.

Included within other loans is an amount of £1,274,981 (2019: £nil) secured by way of a debenture over all assets of the company. This security is subordinated to the bank debt.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

18. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	1,141,399	1,782,524
Other loans	-	1,123,480
	<u>1,141,399</u>	<u>2,906,004</u>
Amounts falling due 1-2 years		
Bank loans	200,004	237,207
Other loans	216,942	-
	<u>416,946</u>	<u>237,207</u>
Amounts falling due 2-5 years		
Bank loans	1,752,903	1,296,707
Other loans	1,647,233	-
	<u>3,400,136</u>	<u>1,296,707</u>
	<u>4,958,481</u>	<u>4,439,918</u>

The comparative split of creditors greater and less than one year has been updated to correctly reflect the repayment profile of the bank debt at 31 December 2019.

For security, see note 16 and note 17.

LYTE LADDERS AND TOWERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

19. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
875 (2019 - 750) Ordinary A shares of £0.10 each	75	75
125 (2019 - 125) Ordinary B shares of £0.10 each	12	12
Nil (2019 - 125) Ordinary C shares of £0.10 each	-	13
	<u>87</u>	<u>100</u>

On 21 May 2020 the company purchased 125 Ordinary C Shares of nominal value £0.10 each for cancellation.

20. Reserves

Capital redemption reserve

The reserve records the nominal value of shares repurchased by the Company.

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £61,129 (2019: £60,972). Contributions totalling £11,150 (2019: £61,823) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	40,201	69,805
Later than 1 year and not later than 5 years	55,848	96,049
	<u>96,049</u>	<u>165,854</u>

NOTES TO THE FINANCIAL STATEMENTS
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23. Related party transactions

Included in creditors was an amount of £463,847 (2019: £776,879) due to a company under common control. During the year, £2,946,799 (2019: £881,781) was purchased from the related company.

At the balance sheet date, included in creditors due within one year was an amount of £nil (2019: £791,856) due to shareholders of the group and entities in which the directors of the company have a material interest.

At the balance sheet date, included in creditors due after more than one year was an amount of £1,274,981 (2019: £nil) due to shareholders of the group and entities in which the directors of the company have a material interest.

Interest on the loans was charged at 10-15% per annum and the charge for the year was £130,502 (2019: £91,856) and remains unpaid at the balance sheet date. Arrangement fees of £nil (2019: £30,000) were charged and remain unpaid at the balance sheet date.

24. Controlling party

At 31 December 2020, the immediate and ultimate parent undertaking is Breal Capital (Lyte) Limited, incorporated in England & Wales.

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