

Registered No: 00442696

Lyreco UK Limited  
Annual report and financial statements  
for the year ended 31 December 2022

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## **Lyreco UK Limited**

### **Annual report and financial statements for the year ended 31 December 2022**

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## **Lyreco UK Limited**

### **Strategic report for the year ended 31 December 2022**

The directors present their strategic report on the company for the year ended 31 December 2022.

#### **Review of the business**

Lyreco UK Limited provides office and workplace solutions within the UK to a large and diverse B2B customer base. Brand image means that the company is well placed and has a long established and strong reputation within the UK marketplace.

The company's main objectives and strategies are focused on sales and profit growth and the continued focus on sustainability and eco-future targets.

The company's mission statement is "working together for tomorrow". The company aims to position itself as the biggest and best office and workplace solutions provider in the UK.

The company's key performance indicators are to ensure its strategies for meeting objectives are working effectively include turnover, profit before tax, margins and net assets.

The company monitors sales and margin performance on a daily basis and at each weekly Board meeting where a full review of all key operational indicators takes place relating to areas such as departmental productivity, average order value, lines per order, staff turnover and cost control.

Regular benchmarking is conducted against the company's main competitors and other Lyreco subsidiaries to compare performance and proposition.

Turnover for 2022 was £279,145,000 (2021: £233,245,000) and was in line with the company's expectations given that the economy was still recovering from the impact of the Covid-19 pandemic. Profit before taxation was £5,070,000 or 1.82% of turnover (2021: £6,543,000 and 2.81% respectively), which represents an acceptable return during another challenging economic year. Profit before taxation in 2022 was impacted by global inflationary increases which increased the price of goods and services in the year. The company maintained strong controls over its operating expenses, continued to focus on driving efficiencies and maximising working capital opportunities but was adversely impacted during 2022 due to the on-going recovery from the Covid-19 pandemic and global inflationary price increases.

During the year the company continued its on-going investment in its Corporate Accounts and Small to Medium Business divisions as well as actively pursuing a number of new revenue streams and additional routes to market, including the extension of our Nespresso B2B coffee proposition in England and Wales.

Net assets decreased from £47,403,000 in 2021 to £38,286,000 in 2022, this was as a result of a dividend payment of £12,000,000 to our parent company. Dun & Bradstreet have issued Lyreco UK Limited with a certificate commending its financial status with a D&B rating of 1 which denotes the highest level of creditworthiness and minimum risk of failure.

The company is accredited for ISO9001 (quality system), ISO14001 (environment), ISO45001 (health and safety), and ISO22301 (business continuity management) and will continue to be externally audited for each during 2023. In December 2022 the company achieved successful accreditation to ISO27001 (information security).

The company has a well-established and robust computer system, a storage and distribution facility with the capacity for future growth and an own-vehicle fleet that performs more than 88% of the company's deliveries, including 67 electric vans; these will assist it to achieve its objectives and strategies in the future.

## **Lyreco UK Limited**

### **Strategic report for the year ended 31 December 2022 (continued)**

#### **Future developments**

The company recognises the on-going and continuing challenge linked to the UK market decline of the traditional office supplies product ranges and future company developments will be aimed at maximising our opportunities to protect and grow our market share in these traditional product ranges whilst also focussing on the continued expansion into newer ranges such as PPE (Personal Protective Equipment), Catering and Hygiene. The future will also see the company further enhance its IT platforms and tools via its Transformation project together with the use of social media and most importantly, continue to keep the customer as totally centric to everything that it does.

#### **Section 172(1) statement**

Section 172 of the Companies Act 2006 requires directors of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members. In doing this, Section 172 requires directors to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and environment;
- Desirability of the company maintaining a reputation for high standards of business conduct; and
- Need to act fairly between members of the company.

In discharging our Section 172 duties we have regard to the matters set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our employees and our relationship with customers, suppliers and the local communities in which we operate. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we do, however, aim to make sure that our decisions are consistent and predictable.

Lyreco UK Limited rewards and recognises high performance. The approach to compensation consists of base salary, benefits and incentives, which are determined by Lyreco UK Limited, general agreements, the level of the position and individual performance. Gender, age, ethnic origin and nationality play no role in determining salaries and wages. Intangible recognition is included in the total reward portfolio, which means that Lyreco UK Limited provides, for instance, a safe and healthy working environment, interesting and meaningful work and good leadership and career opportunities.

Delegation of authority for aspects of day to day management of the Company is given to its senior management team who then work with the management in setting, approving and overseeing execution of the business strategy and related policies.

The Board meets regularly and reviews matters including safety and security performance, financial and operational performance, sales and marketing and new business developments. Over the course of the financial year, the Board also reviews other matters including the Company's business strategy, key risks, stakeholder related matters and governance, compliance and legal matters.

The Company's key stakeholders include its workforce, customers, suppliers, shareholders/investors, the local communities in which it operates and regulators. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions.

This combination of engagements with stakeholders allows us to understand the nature of the stakeholders' concerns and to comply with our Section 172 duty to promote the success of the Company.

## Lyreco UK Limited

### Strategic report for the year ended 31 December 2022 (continued)

#### Streamlined Energy and Carbon Reporting

Streamlined Energy Carbon reporting (SECR) was introduced by the UK government on 1 April 2019 when the Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. The introduction of SECR coincides with the end of the Carbon Reduction Commitment (CRC) Energy Efficiency scheme. The new regulations require more UK businesses to disclose their energy and carbon emissions than under the CRC scheme as part of their annual reporting obligations.

#### *Greenhouse gas emissions, energy consumption and energy efficiency action*

The below statement contains Lyreco UK Limited's annual energy consumption, associated relevant greenhouse gas emissions, and additional information as required (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

#### **Lyreco UK Limited Greenhouse gas emissions and energy use data for the financial year 1 January 2022 to 31 December 2022**

	<b>FY 2022</b>	<b>FY 2021</b>
Energy consumption used to calculate emissions (kWh)	20,227,498	17,993,598
Energy consumption break-down (kWh)		
• Natural gas	3,798,812	3,984,543
• Grid electricity	1,903,934	1,832,602
• On Site Generation solar PV	3,168,242	1,433,677
• Company fleet	11,330,178	10,742,776
• Grey fleet	26,332	n/a
Scope 1 emissions in metric tonnes CO <sub>2</sub> e		
• Natural gas	768	730
• Company fleet	2,855	2,533
<b>Total Scope 1</b>	<b>3,623</b>	<b>3,263</b>
Scope 2 emissions in metric tonnes CO <sub>2</sub> e		
• Grid electricity	368	424
Scope 3 emissions in metric tonnes CO <sub>2</sub> e		
• Electricity T & D	34	34
• Grey fleet	6	n/a
<b>Total Scope 3</b>	<b>40</b>	<b>34</b>
<b>Total gross emissions in metric tonnes CO<sub>2</sub>e</b>	<b>4,031</b>	<b>3,687</b>
Intensity ratio Tonnes CO <sub>2</sub> e per £m Turnover	<b>14.44</b>	<b>14.00</b>

## **Lyreco UK Limited**

### **Strategic report for the year ended 31 December 2022 (continued)**

#### **Streamlined Energy and Carbon Reporting (continued)**

##### ***Quantification and reporting methodology***

We have appointed Amber as our SECR consultants. Amber have followed 2019 HM Government environmental reporting guidelines to ensure compliance with SECR requirements.

The DEFRA issued "Greenhouse gas reporting: conversion factors 2022" conversion figures for CO<sub>2</sub>e were used along with the fuel property figures to determine the kWh content for Fleet Derv. These are provided within the evidence pack.

We followed GHG Protocol which classifies GHG emissions into three categories, Scope 1, Scope 2 and Scope 3:

- Scope 1 emissions are direct emissions from owned or controlled sources
- Scope 2 emissions are indirect emissions from the generation of purchased energy, steam, heating and cooling
- Scope 3 emissions are all other indirect emissions that occur across the value chain.

##### ***Intensity measurement***

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO<sub>2</sub>e /m Turnover.

##### ***Measures taken to improve energy efficiency***

We continue to strive for energy and carbon reduction arising from our activities. During this financial year the following energy reduction measures were undertaken:

- Introduced 52 more electric vans bringing the total to 67. These 67 vans are charged at sites with REGO.
- Upgraded the Building Management System to have more control and flexibility over the gas heating system at the Telford site. It allows more efficient use of gas at specific times.
- Upgraded the lighting at two sites to LEDs.
- Implemented better management of the cooling units in the main warehouse led to a 10% reduction in electricity consumption for the site from 2019.

For more information on our carbon reporting, please contact [WISE.QSS@Lyreco.com](mailto:WISE.QSS@Lyreco.com)

## **Lyreco UK Limited**

### **Strategic report for the year ended 31 December 2022 (continued)**

#### **Going concern**

The company continues to adopt the going concern basis in preparing its financial statements.

Throughout 2022, the economy slowly recovered from the impact of Covid-19 which helped the company to grow its revenue. However, the global inflationary increases during this financial year impacted the operating profit of the company, but by maintaining strong controls over its profit margins and operating expenses whilst driving efficiencies and maximising working capital opportunities, the company was able to lessen the impact of this on its financial results.

During this financial year the company has continued to meet its day-to-day working capital requirements through its bank facilities. The bank facilities in place include a composite account held between Lyreco UK Limited and its parent company Lyreco SAS. The cash pooling arrangement between Lyreco UK Limited & Lyreco SAS will balance Lyreco UK Limited's bank account each day to ensure funding is always available.

The current economic conditions continue to create uncertainty over (a) the level of demand for the company's products; and (b) the availability of bank finance for the foreseeable future. After also taking into account the challenges of the global inflationary increases, the company's forecasts and projections show it expects to see continued growth in its revenue as well as maintaining strong profit margins and operating profit. Therefore, we expect that the company should be able to operate within the level of its current facilities.

In addition, the immediate parent company, Lyreco SAS, has formally indicated it will provide sufficient funding to the company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of these financial statements. The directors have considered the financial health of Lyreco SAS and remain satisfied that it has the resources available to continue to support the UK business. On that basis the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **Principal risks, financial risks and uncertainties**

##### ***Financial risk***

In its operations, the company is exposed to various types of financial risks. Centrally agreed Group-wide Lyreco policies form the basis under which each of the Lyreco subsidiaries manage these risks. The objectives of the Lyreco Group's policies for management of financial risks are to obtain best value in terms of Lyreco Group's product purchasing costs by utilizing economies of scale, to minimize negative effects on income and profitability as a result of changes in currency or interest rates, to limit risk exposure and to clarify areas of responsibility.

Various aspects of financial risk are described briefly in the following paragraphs;

##### ***Currency related risk***

The company purchases certain products in foreign currency which could lead to currency related risk. The company's foreign currency supplier payments are made via Lyreco Group's centralized in-house bank in France and the Lyreco Group Treasury payment factory that uses techniques such as hedging to minimize currency exposure and loss.

## Lyreco UK Limited

### Strategic report for the year ended 31 December 2022 (continued)

#### *Credit risk*

The company sells to a large number of B2B customers each month and hence needs to constantly monitor the level of credit granted to each customer and the associated potential bad debt risk. Credit risks are managed by the company's in-house Credit Analyst team. The company also has credit insurance to help off-set credit risk.

#### *Liquidity risk*

The company deals with a high volume of receivables, payables and product stock lines and any adverse trends in any of these areas could lead to liquidity pressures. The company therefore constantly monitors its working capital balance against annual targets to ensure that the optimum amount of cash can be generated from profits.

#### *Product risk*

Lyreco's long-term growth target performance depends upon the company's ability to successfully identify changing customer requirements and develop and sell new products and services to match these customer centric needs. Lyreco has constantly monitored the marketplace to ensure that it keeps abreast of customers' requirements and in response to this it launched its global vision for expansion "to become the single provider for all office and work solutions" to ensure that it brings its services to a wider range of customers and becomes a unique solutions provider for businesses nationwide. Lyreco's proposition covers "Office and Work Solutions" and is targeted at becoming a globally recognised workplace solutions provider with an expanded product portfolio aimed at fully supplying businesses with competitively priced, ecologically friendly products and services.

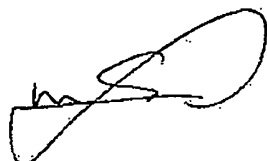
#### **Key performance indicators**

##### *Diversity*

The company places importance upon diversity and its corporate social responsibilities and monitors them closely. The company's gender split was at 31<sup>st</sup> December 2022;

	Male	Female
	Number	Number
Directors	1	1
Senior Managers	6	2
Employees	845	408

On behalf of the board:



**M Milward**  
Director  
13<sup>th</sup> September 2023



## **Lyreco UK Limited**

### **Directors' report for the year ended 31 December 2022**

The directors present their report and the audited financial statements for the year ended 31 December 2022.

#### **Principal activities**

The company's principal activity continues to be the sale and distribution of office products and workplace solutions.

#### **Further developments**

The future developments of the company are disclosed within the Strategic report.

#### **Dividends**

The directors have paid an interim dividend for the year ended 31 December 2022 of £12,000,000 on the Ordinary Shares of £1.00 each (2021: £nil). The proposed interim dividend payable for 2023 is £nil.

#### **Impact of Covid-19 and current global economic climate**

Throughout 2022, the economy slowly recovered from the impact of Covid-19 which helped the company to grow its revenue. However, the global inflationary increases during this financial year impacted the operating profit of the company, but by maintaining strong controls over its profit margins and operating expenses whilst driving efficiencies and maximising working capital opportunities, the company was able to lessen the impact of this on its financial results.

During this financial year the company has continued to meet its day-to-day working capital requirements through its bank facilities. The bank facilities in place include a composite account held between Lyreco UK Limited and its parent company Lyreco SAS. The cash pooling arrangement between Lyreco UK Limited & Lyreco SAS will balance Lyreco UK Limited's bank account each day to ensure funding is always available.

The current economic conditions continue to create uncertainty over (a) the level of demand for the company's products; and (b) the availability of bank finance for the foreseeable future. After also taking into account the challenges of the global inflationary increases, the company's forecasts and projections show it expects to see continued growth in its revenue as well as maintaining strong profit margins and operating profit. Therefore, we expect that the company should be able to operate within the level of its current facilities.

The company does not trade directly or indirectly with Ukraine or the broader region, therefore the current developments have not had any material financial impact on the company. It has however been impacted by the increase in commodity prices, which have risen as a result of the conflict. However, the company is managing these increases and taking actions to ensure the company is not materially impacted by these.

#### **Directors and directors' interests**

The directors of the company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

M Milward	(British/Australian) appointed 1 January 2022
N Gaspard-Bourgain	(French)
G Gibelli	(Italian) resigned 1 April 2022

## **Lyreco UK Limited**

### **Directors' report for the year ended 31 December 2022 (continued)**

#### **Employee engagement statement**

The Board regards employee engagement as a matter of great importance. The Board ensure that it engages with and understands the views of the workforce through a number of different channels, including communication boards, an intranet, in-house emails and audio-visual presentations from the senior management team. The Board believes that the diversity of perspectives enables the directors to make better decisions based on the well-informed feedback received.

The involvement of Managers in the company's performance is encouraged through an annual incentive scheme that is part based on the company's financial results.

#### **Engagements with suppliers, customers and other stakeholders**

Understanding the views of the Company's stakeholders is a key priority for the Board and the Group as a whole. It helps to focus the Company's resources, engagement and reporting activities by addressing those issues that matter most to the business and its wider stakeholders. Encouraging strong business relationships is an intrinsic part of the Company's strategy and a key consideration in all decision making.

Examples of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others;

Ongoing communication with the company's suppliers to develop deeper relationships with companies in the company's supply chains as well as develop strategic relationships with key suppliers.

We interact with our customers on a daily basis at multiple levels. We work closely with our customers to help improve and develop the products and services we offer. We welcome feedback from our customers in relation to changing consumer demands and will act on this information to offer our customers the best service we can.

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its position. The company encourages the involvement of employees by means of the company's employee forum – the "Voice of Lyreco".

#### **Disabled employees**

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

#### **Going concern**

Please see note 3 to the financial statements and the Strategic report.

## **Lyreco UK Limited**

### **Directors' report for the year ended 31 December 2022 (continued)**

#### **Financial Risk Management**

Please see the Strategic report for financial risks, principal risks and uncertainties.

#### **Directors' indemnities**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and the directors.

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 financial year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

#### **Directors' confirmations**

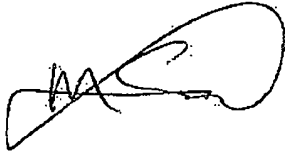
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Lyreco UK Limited**

**Directors' report  
for the year ended 31 December 2022 (continued)**

Approved by the Board and signed on its behalf:

A handwritten signature in black ink, appearing to be 'M Milward', written over a horizontal line.

**M Milward**  
Director

Deer Park Court  
Donnington Wood  
Telford  
Shropshire  
TF2 7NB

13<sup>th</sup> September 2023

Registered number: 00442696

## **Lyreco UK Limited**

### **Independent auditors' report to the members of Lyreco UK Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, Lyreco UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2022; the Income statement, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

## **Lyreco UK Limited**

### **Independent auditors' report to the members of Lyreco UK Limited (continued)**

#### **Reporting on other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Lyreco UK 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:

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management around controls put in place to mitigate and identify instances of fraud or non-compliance with laws and regulations. These procedures included understanding the controls designed to prevent and detect irregularities and fraud;
- Identifying and testing journal entries, using a risk-based criteria and a particular focus on journal entries posted with unusual account combinations to revenue. Testing was also performed over the completeness of the data on which our tests were based;
- Assessing key judgements and estimates made by management for evidence of inappropriate bias. This included performing a look-back test to ascertain prior accuracy of such estimates and testing supporting data/models where the estimate was based upon data such as the aged receivables ledger;
- Reviewing minutes of meetings of those charged with governance and reviewing legal expenditure in the year to ascertain completeness of managements disclosures;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Confirmation and enquiry of management and those charged with governance over compliance with applicable legislation and regulations. This included consideration of actual or suspected litigation, claims or instances of fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Lyreco UK Limited**

### **Independent auditors' report to the members of Lyreco UK Limited (continued)**

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Dymond (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands  
15 September 2023



## Lyreco UK Limited

### Income statement for the year ended 31 December 2022

	Note	2022	2021
		£'000	£'000
Revenue	5	279,145	233,245
Cost of sales		(186,646)	(154,070)
<b>Gross profit</b>		<b>92,499</b>	<b>79,175</b>
Distribution costs		(8,018)	(5,981)
Administrative expenses		(79,543)	(69,616)
Other operating income	6	125	2,968
<b>Operating profit</b>		<b>5,063</b>	<b>6,546</b>
Finance income	7	17	-
Finance cost	8	(10)	(3)
Net interest income/(expense)		7	(3)
<b>Profit before taxation</b>	9	<b>5,070</b>	<b>6,543</b>
Tax on profit	11	(681)	(845)
<b>Profit for the financial year</b>		<b>4,389</b>	<b>5,698</b>

### Statement of comprehensive income for the year ended 31 December 2022

	Note	2022	2021
		£'000	£'000
Profit for the financial year		4,389	5,698
<b>Other comprehensive (expense)/income:</b>			
Re-measurements of net defined benefit obligation	19	(1,128)	442
Movement on deferred tax relating to pension deficit		282	(110)
<b>Other comprehensive (expense)/income for the year, net of tax</b>		<b>(846)</b>	<b>332</b>
<b>Total comprehensive income for the year</b>		<b>3,543</b>	<b>6,030</b>

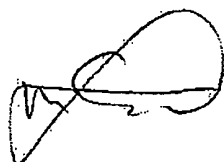
# Lyreco UK Limited

## Statement of financial position as at 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Intangible assets	12	622	839
Tangible assets	13	15,710	14,138
		<b>16,332</b>	<b>14,977</b>
Pension asset	19	-	572
<b>Current assets</b>			
Inventories	14	26,405	18,835
Trade and other debtors	15	52,180	59,697
Cash at bank and in hand		82	67
		<b>78,667</b>	<b>78,599</b>
Creditors: amounts falling due within one year	16	(55,651)	(46,140)
<b>Net current assets</b>		<b>23,016</b>	<b>32,459</b>
<b>Total assets less current liabilities</b>		<b>39,348</b>	<b>48,008</b>
Provisions for liabilities	17	(1,060)	(1,222)
Post-employment benefits	19	(2)	-
<b>Net assets</b>		<b>38,286</b>	<b>46,786</b>
<b>Capital and reserves</b>			
Called up share capital	20	14,841	14,841
Share premium account		6,634	6,634
Revaluation reserve		79	79
Retained earnings		16,732	25,232
<b>Total equity</b>		<b>38,286</b>	<b>46,786</b>

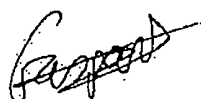
The notes on pages 18 to 42 are an integral part of these financial statements.

The financial statements on pages 15 to 42 were approved by the Board of Directors on 13<sup>th</sup> September 2023 and signed on its behalf by;



M. Milward – Director

N. Gaspard-Bourgain – Director



## Lyreco UK Limited

### Statement of changes in equity for the year ended 31 December 2022

	Called up share capital	Share premium account	Re- valuation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2021	14,841	6,634	79	19,202	40,756
Profit for the financial year	-	-	-	5,698	5,698
Other comprehensive income for the year	-	-	-	332	332
Total comprehensive income for the year	-	-	-	6,030	6,030
<b>Balance as at 31 December 2021</b>	<b>14,841</b>	<b>6,634</b>	<b>79</b>	<b>25,232</b>	<b>46,786</b>
Profit for the financial year	-	-	-	4,389	4,389
Other comprehensive expense for the year	-	-	-	(889)	(889)
Total comprehensive income for the year	-	-	-	3,500	3,500
Dividends paid (note 20)	-	-	-	(12,000)	(12,000)
Total transactions with owners, recognised directly in equity	-	-	-	(12,000)	(12,000)
<b>Balance as at 31 December 2022</b>	<b>14,841</b>	<b>6,634</b>	<b>79</b>	<b>16,732</b>	<b>38,286</b>

## **Lyreco UK Limited**

### **Notes to the financial statements for the year ended 31 December 2022**

#### **1. General information**

The company's principal activity continues to be the sale and distribution of office products and workplace solutions. The company sells primarily to the UK and British Isles.

The company is a private company limited by shares and is incorporated and domiciled in the UK and registered in England. The address of its registered office is Deer Park Court, Donnington Wood, Telford, Shropshire, TF2 7NB.

#### **2. Statement of compliance**

The individual financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008 (SI 2008/410).

#### **3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

##### **Exemptions for qualifying entities under FRS 102**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under FRS 102:

- a) The requirement to prepare a statement of cash flows under paragraph 1.12; and
- b) The non-disclosure of key management personnel compensation in total under paragraph 33.7 of FRS 102.
- c) The requirement to disclose related party transactions in accordance with paragraph 33.8 of FRS 102.

##### **Cash flow statement**

The company is a wholly owned subsidiary of Lyreco SAS and is included in the consolidated financial statements of that company, which are publicly available. The company has therefore taken advantage of the exemption from preparing a cash flow statement under the terms of FRS102 paragraph 1.12(b).

## **Lyreco UK Limited**

### **Notes to the financial statements for the year ended 31 December 2022 (continued)**

#### **3 Summary of significant accounting policies (continued)**

##### **Going concern**

Throughout 2022, the economy slowly recovered from the impact of Covid-19 which helped the company to grow its revenue. However, the global inflationary increases during this financial year impacted the operating profit of the company, but by maintaining strong controls over its profit margins and operating expenses whilst driving efficiencies and maximising working capital opportunities, the company was able to lessen the impact of this on its financial results.

During this financial year the company has continued to meet its day-to-day working capital requirements through its bank facilities. The bank facilities in place include a composite account held between Lyreco UK Limited and its parent company Lyreco SAS. The cash pooling arrangement between Lyreco UK Limited & Lyreco SAS will balance Lyreco UK Limited's bank account each day to ensure funding is always available.

The current economic conditions continue to create uncertainty over (a) the level of demand for the company's products; and (b) the availability of bank finance for the foreseeable future. After also taking into account the challenges of the global inflationary increases, the company's forecasts and projections show it expects to see continued growth in its revenue as well as maintaining strong profit margins and operating profit. Therefore, we expect that the company should be able to operate within the level of its current facilities.

In addition, the immediate parent company, Lyreco SAS, has formally indicated it will provide sufficient funding to the company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of these financial statements. The directors have considered the financial health of Lyreco SAS and remain satisfied that it has the resources available to continue to support the UK business. On that basis the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

##### **Revenue**

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, customer rebates, VAT and other sales related taxes. Accruals for sales discounts and rebates are based upon the terms of customer contracts and are recorded in the same financial year as the related sales as a deduction from revenue.

The company recognises turnover when the significant risks and rewards of ownership of the goods have been transferred to the buyer, typically this occurs on delivery of the goods to the customer.

##### **Intangible assets**

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software licences are amortised over its useful life of five years or 1 year if an annual licence on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate is amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

## **Lyreco UK Limited**

### **Notes to the financial statements for the year ended 31 December 2022 (continued)**

#### **3 Summary of significant accounting policies (continued)**

##### **Tangible fixed assets**

Fixed assets are stated at cost, net of depreciation and any accumulated impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value of each asset on a straight line basis over its expected useful life, as follows:

##### **Land and buildings**

Freehold buildings	-	2% - 5% per annum
Leasehold properties and improvements	-	over the life of the lease

##### **Plant, machinery and fixtures and fittings**

Plant and machinery	-	4% - 20% per annum
Fixtures and fittings	-	10% - 20% per annum

##### **Other**

Motor vehicles	-	20% - 25% per annum
Computers	-	20% - 33.33% per annum

Residual value is calculated based on the directors best estimate of market values.

##### **Leases**

Rentals under operating leases are charged to the income statement on a straight line basis over the lease term.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight line basis over the lease period.

The company has taken advantage of the exemption in respect of leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

##### **Inventories**

Inventories are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the financial year which the related revenue is recognised.

Cost is determined on the most recent purchase price method. Cost includes the purchase price including taxes and duties attributable to bringing the inventory to its present location and condition.

At the end of each financial year inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling costs to complete and sell and an impairment charge is recognised in the income statement. Where a reversal of the impairment is recognised, the impairment charge is reversed up to the original impairment loss and is recognised as a credit in the income statement.

## **Lyreco UK Limited**

### **Notes to the financial statements for the year ended 31 December 2022 (continued)**

#### **3 Summary of significant accounting policies (continued)**

##### **Related party disclosures**

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned as per FRS102 para 4.3.

##### **Taxation**

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current and deferred taxation assets and liabilities are not discounted.

##### *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

##### **Purchase and advertising rebates**

The company enters into supplier arrangements which include incentives for the company. Amounts expected to be received from vendors are estimated and recognised as a reduction of inventory cost and are then recorded in the same financial year as the related sales as a deduction from cost of goods sold.

##### **Pension costs**

The company operates a defined benefit scheme in the UK. Pension scheme assets are measured using market values (for quoted securities the current bid-price is taken as market value). Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality bond of equivalent term and currency to the liability.

## **Lyreco UK Limited**

### **Notes to the financial statements for the year ended 31 December 2022 (continued)**

#### **3 Summary of significant accounting policies (continued)**

##### **Pension costs (continued)**

A pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts, together with the return on plan assets, less amounts included in net interest, are disclosed as "Re-measurement of net defined benefit obligation".

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income statement as "finance costs".

The cost of the defined benefit scheme, recognised in the income statement as employee costs, except where included in the cost of an asset, comprises:

- a) The increase in the net defined benefit liability arising from employee service during the financial year; and
- b) The cost of plan introductions, benefit changes, curtailments and settlements.

The company also operates a defined contribution scheme. The amount charged to the income statement in respect of these pension costs is the contributions payable to the scheme in respect of the accounting period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Assets of each of the schemes are held separately from those of the company.

##### **Long term incentive plans**

The group operates cash-settled long-term incentive plans at an operating business level, for the Managing Director and Commercial Directors of the business.

The plans are based on the business's sales revenue, gross profit and operating profit performance over a three-year period.

The plans require all three measures to be in growth over the three-year period, either by Sales Division or the business as a whole.

A liability for the plan is raised on the estimated amount payable in terms of the incentive scheme plans. This liability is recognised as "Other employment benefits" in note 17.

##### **Foreign currencies**

###### **(i) Functional and presentation currency**

The company's functional and presentation currency is the pound sterling.

###### **(iii) Transactions and balances**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.



## **Lyreco UK Limited**

### **Notes to the financial statements for the year ended 31 December 2022 (continued)**

#### **3 Summary of significant accounting policies (continued)**

##### **Cash and liquid resources**

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

##### **Financial instrument**

The company has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

##### **Financial instrument (continued)**

###### **(i) Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Financial assets are derecognised when; (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

###### **(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

## **Lyreco UK Limited**

### **Notes to the financial statements**

**for the year ended 31 December 2022 (continued)**

#### **3 Summary of significant accounting policies (continued)**

##### **Financial instrument (continued)**

###### **(ii) Financial liabilities (continued)**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

###### **(iii) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements 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.

##### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

##### **Distributions to equity holders**

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the financial year in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

#### **4 Critical accounting judgements and estimation uncertainty**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are addressed below.

##### **Key accounting estimates and assumptions:**

###### **(i) Inventory provisioning**

The company buys and sells workplace products and is subject to changing customer demands whom are in turn affected by consumer demands. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of products. See note 14 for the net carrying amount of inventories and the associated provision.

###### **(ii) Defined benefit pension scheme**

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 19 for the disclosures relating to the defined benefit pension scheme.

## Lyreco UK Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 5 Revenue

In the opinion of the Directors, there is only one material class of business, which is the distribution of office products.

All revenue was derived in the United Kingdom 2022: £268,704,000 (2021: £227,367,000) and Ireland 2022: £10,441,000 (2021: £6,573,000).

#### 6 Other operating income

	2022	2021
	£'000	£'000
Coronavirus Job Retention Scheme	125	2,968
Other income	125	2,968

#### 7 Finance income

	2022	2021
	£'000	£'000
Interest receivable and similar income	17	-
Net interest on defined benefit scheme	17	-
Finance income	17	-

#### 8 Finance cost

	2022	2021
	£'000	£'000
Interest payable and similar costs	(10)	-
Bank and similar interest	(10)	-
Net interest on defined benefit scheme	-	(3)
Finance cost	(10)	(3)

## Lyreco UK Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 9 Profit before taxation

*Profit before taxation is stated after: (crediting)/charging:*

	2022	2021
	£'000	£'000
Foreign exchange gains	(898)	(74)
Foreign exchange losses	924	133
Impairment/(reversal of impairment) of trade receivables recognised in Income statement	61	(127)
Inventory recognised as expense during the year	191,987	157,236
Impairment/(reversal of impairment) of inventory included in cost of sales	127	(1,455)
Operating lease charges	3,408	3,842
Amortisation of intangible assets	217	520
Depreciation of tangible assets	2,839	2,150
Loss / (profit) on disposal of tangible assets	25	(1)
<b>Services provided by the company's auditors</b>		
- fees payable for the audit	85	53

#### 10 Employees and directors

##### Employees

The average monthly number of persons (including executive directors and senior management) employed by the company during the year was:

	2022	2021
	Number	Number
<b>By activity</b>		
Sales Force & Customer Services	509	505
Distribution & Logistics	597	591
Head Office & Other	157	131
	<b>1,263</b>	<b>1,227</b>

## Lyreco UK Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 10 Employees and directors (continued)

Their aggregate remuneration comprised:

	2022	2021
	£'000	£'000
Wages and salaries	40,702	37,269
Social security costs	4,115	3,514
Other pension costs	1,529	1,548
	<b>46,346</b>	<b>42,331</b>

The aggregate remuneration disclosed above is included within administrative expenses.

#### Directors

The directors' emoluments are as follows:

	2022	2021
	£'000	£'000
Aggregate remuneration	265	216
Pension contributions	22	21
	<b>287</b>	<b>237</b>

There is only one (2021: one) director who is remunerated by the company and the above represents the total of that remuneration.

The emoluments of the other directors are paid by another entity within the Lyreco Group. These directors were remunerated for their services to the Lyreco Group as a whole, including Lyreco UK Limited and it is not possible to allocate their emoluments to the Company. Accordingly, the above details include no emoluments in respect of these directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Lyreco SAS.

No directors (2021: none) were members of the defined benefit schemes.

Retirement benefits are accruing under a money purchase scheme for one (2021: one) director.

No directors (2021: none) received shares under a long-term incentive scheme.

## Lyreco UK Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 11 Tax on profit

##### a) Tax expense included in the income statement

	2022	2021
	£'000	£'000
<b>Current tax:</b>		
UK corporation tax on income for the year	545	420
Adjustments in respect of prior years	(28)	(85)
Total current tax	517	335
<b>Deferred tax:</b>		
Origination and reversal of timing differences	125	823
Impact of change in tax rate	39	(313)
Total deferred tax (Note 18)	164	510
<b>Total tax on profit</b>	<b>681</b>	<b>845</b>

##### b) Tax income included in other comprehensive (expense)/income

	2022	2021
	£'000	£'000
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(282)	110
Total tax (credit)/expense included in other comprehensive (expense)/income	(282)	110

## Lyreco UK Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 11 Tax on profit (continued)

##### c) Reconciliation of tax charge

The total tax charge for the year is lower (2021: lower) than the charge that would result from applying the standard rate of UK corporation tax for the year ended 31 December 2022 of 19.00% (2021: 19.00%). The differences are explained below:

	2022	2021
	£'000	£'000
Profit before taxation	5,070	6,543
Profit before taxation multiplied by the standard rate of tax in the UK of 19.00% (2021: 19%)	963	1,243
Effects of:		
Income not taxable	(232)	(643)
Expenses not deductible for tax purposes	17	17
Adjustments in respect of prior years	(28)	(85)
Re-measurement of deferred tax – change in UK rate	39	313
<b>Tax charge for the year</b>	<b>681</b>	<b>845</b>

##### d) Tax rate changes

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. Legislation will be introduced in Finance Act 2021 to set the charge to Corporation Tax and set the main rate at 19% for the financial year beginning 1 April 2022 and to increase the main rate of corporation tax to 25% for the financial year beginning 1 April 2023.

## Lyreco UK Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 12 Intangible assets

	Contract asset £'000	Software £'000	Total £'000
<b>Cost</b>			
At 1 January 2022	1,321	92	1,413
Additions	-	-	-
Disposals	-	-	-
<b>At 31 December 2022</b>	<b>1,321</b>	<b>92</b>	<b>1,413</b>
<b>Accumulated amortisation</b>			
At 1 January 2022	(508)	(66)	(574)
Charge for the year	(204)	(13)	(217)
Disposals	-	-	-
<b>At 31 December 2022</b>	<b>(712)</b>	<b>(79)</b>	<b>(791)</b>
<b>Net book amount</b>			
<b>At 31 December 2022</b>	<b>609</b>	<b>13</b>	<b>622</b>
At 31 December 2021	813	26	839

The contract asset amounting to £1,321,000, is the purchase of the Nespresso Business Solutions contract for England and Wales.

It is amortised using the straight-line method over a period of 6 years.



**Lyreco UK Limited**

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**13 Tangible assets**

	Land and buildings £'000	Plant, machinery and fixtures and fitting £'000	Motor vehicles and computers £'000	Total £'000
<b>Cost</b>				
At 1 January 2022	18,201	19,967	7,005	45,173
Additions	5	1,461	3,177	4,643
Disposals	-	(611)	(218)	(829)
<b>At 31 December 2022</b>	<b>18,206</b>	<b>20,817</b>	<b>9,964</b>	<b>48,987</b>
<b>Accumulated depreciation</b>				
At 1 January 2022	(11,892)	(16,074)	(3,069)	(31,035)
Charge for the year	(568)	(907)	(1,364)	(2,839)
Disposals	-	423	174	597
<b>At 31 December 2022</b>	<b>(12,460)</b>	<b>(16,558)</b>	<b>(4,259)</b>	<b>(33,277)</b>
<b>Net book amount</b>				
<b>At 31 December 2022</b>	<b>5,746</b>	<b>4,259</b>	<b>5,705</b>	<b>15,710</b>
At 31 December 2021	6,309	3,893	3,936	14,138

## Lyreco UK Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 13 Tangible assets (continued)

	2022	2021
	£'000	£'000
The net book amount of land and buildings comprises:		
Freehold land and buildings	5,730	6,286
Short leasehold improvements	16	23
	<b>5,746</b>	<b>6,309</b>

Freehold land and buildings includes non-depreciable land with a cost of £2,790,000 (2021: £2,790,000).

#### 14 Inventories

	2022	2021
	£'000	£'000
Goods for resale	<b>26,405</b>	<b>18,835</b>

There is no material difference between the carrying amount of inventories and their replacement cost.

Inventories are stated after provisions for impairment of £1,260,000 (2021: £1,133,000).

#### 15 Trade and other debtors

	2022	2021
	£'000	£'000
Trade debtors	<b>42,269</b>	<b>38,954</b>
Amounts owed by group undertakings	<b>5,016</b>	<b>18,878</b>
Corporation tax	<b>315</b>	<b>185</b>
Prepayments and accrued income	<b>4,580</b>	<b>1,680</b>
	<b>52,180</b>	<b>59,697</b>

Amounts owed by group undertakings are unsecured and are repayable on demand. Interest is received at 0.41% which represents the interest received on the group cash pooling arrangement.

Trade receivables are stated after provisions for impairment of £157,000 (2021: £97,000).

## **Lyreco UK Limited**

### **Notes to the financial statements for the year ended 31 December 2022 (continued)**

#### **16 Creditors: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	<b>43,762</b>	<b>34,625</b>
Amounts owed to group undertakings	<b>3,790</b>	<b>2,726</b>
Other taxation and social security	<b>3,018</b>	<b>3,194</b>
Accruals and deferred income	<b>5,081</b>	<b>5,595</b>
	<b>55,651</b>	<b>46,140</b>

Amounts owed to group undertakings are unsecured, interest free, and are due to be paid within 2 months of the accounting year-end date.

## Lyreco UK Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 17 Provisions for liabilities

The company had the following provisions during the year:

	<b>Pending litigation £'000</b>	<b>Deferred tax £'000</b>	<b>Other employment benefits £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
Balance at 1 January 2022	153	966	103	<b>1,222</b>
Additions dealt with in income statement	-	(118)	54	<b>(64)</b>
Amounts utilised	(74)	-	(24)	<b>(98)</b>
<b>Balance at 31 December 2022</b>	<b>79</b>	<b>848</b>	<b>133</b>	<b>1,060</b>

At 31<sup>st</sup> December 2022 the company had three open employee litigation cases, a provision of £79,000 has been recognised for this. The claims are expected to be fully resolved in 2023.

## Lyreco UK Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 18 Deferred taxation

	£'000	
<b>Deferred tax liability:</b>		
At 1 January 2022	967	
Charged to the income statement for the year (see note 11)	164	
Credited to the statement of other comprehensive (expense)/income	(282)	
<b>At 31 December 2022</b>	<b>849</b>	
<b><i>Analysis of deferred tax balances:</i></b>		
	<b>2022</b>	2021
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	<b>822</b>	798
Deferred tax asset on pension deficit	<b>27</b>	169
<b>At 31 December 2022</b>	<b>849</b>	<b>967</b>

**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**19 Post-employment benefits**

The company sponsors a funded defined benefit pension plan, the Lyreco (UK) Pension Fund, for qualifying employees.

The level of benefits provided by the Fund depends on a member's length of service and their salary at their date of leaving the Fund.

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Fund was carried out by a qualified actuary as at 1 January 2021 and showed a technical provisions deficit of £2.0 million. The company is paying deficit contributions of £600k p.a. which, along with investment returns from return-seeking assets, are expected to make good this shortfall. The next funding valuation is due no later than 1 January 2024, at which time progress towards full funding will be reviewed.

The results of the latest funding valuation at 1 January 2021 have been adjusted to the new balance sheet date, taking account of experience over the period since 1 January 2021, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the Defined Benefit Obligation, and the related current service cost, were measured using the projected unit method.

**Notes to the financial statements**  
**for the year ended 31 December 2022 (continued)**

**19 Post-employment benefits (continued)**

The principal assumptions used to calculate the liabilities under FRS 102 are set out below:

	2022	2021
	% pa	% pa
RPI Inflation	3.15	3.25
CPI Inflation	2.55	2.65
Pension increases in payment (RPI max 5%)	2.90	3.15
Discount rate	4.95	1.95

	2022	2021
Mortality	SAPS S3 tables with a scaling factor of 124%/111% for male/female deferreds and 106%/103% for male/female pensioners. Improvements in CMI_2021_S7.0_A0.50 projections and a long-term rate of improvement of 1.00% p.a.	SAPS S3 tables with a scaling factor of 119%/106% for male/female deferreds and 101%/98% for male/female pensioners. Improvements in CMI_2020_S7.0_A0.50 projections and a long-term rate of improvement of 1.00% p.a.
Life expectancy for male currently aged 65	87	87
Life expectancy at 65 for male currently aged 45	87	87
Life expectancy for female currently aged 65	89	89
Life expectancy at 65 for female currently aged 45	90	90

	2022	2022	2021	2021
	£'000	%	£'000	%
Fund asset allocation				
Equities	2,077	24.33	4,061	29.93
Government and corporate bonds	594	6.96	1,265	9.32
Property	-	-	-	-
Other	5,483	64.23	7,418	54.68
Cash	383	4.49	823	6.07
<b>Total</b>	<b>8,537</b>	<b>100.00</b>	<b>13,567</b>	<b>100.00</b>

None of the Fund assets are invested in the company's financial instruments or in property occupied by, or other assets used by, the company.

## Lyreco UK Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 19 Post-employment benefits (continued)

##### Defined benefit scheme

The level of benefits provided by the defined benefit section of the Fund depends on a member's length of service and their final salary at their date of leaving the Fund. With effect from 28 February 2006, the scheme closed to future benefit accrual.

The amount recognised as an expense for the defined benefit scheme was:

	2022 £'000	2021 £'000
Pension deficit payment	600	600
<b>Total expense</b>	<b>600</b>	<b>600</b>

##### Defined contribution scheme

The amount recognised as an expense for the defined contribution scheme was:

	2022 £'000	2021 £'000
Current year contributions	1,529	1,548

The return on the Fund assets was:

	2022 £'000	2021 £'000
Interest income on the Fund assets	268	191
Return on the Fund assets less interest income	(5,562)	442
<b>Total return on Fund assets</b>	<b>(5,294)</b>	<b>633</b>



## Lyreco UK Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 19 Post-employment benefits (continued)

##### Net defined benefit obligation

	2022	2021
	£'000	£'000
Fair value of assets	8,537	13,567
Present value of funded defined benefit obligations	(8,539)	(12,995)
Net defined benefit (obligation)/asset	(2)	572

##### Reconciliation of the fair value of the Fund assets:

	2022	2021
	£'000	£'000
Changes to the fair value of the Fund assets during the year:		
Opening fair value of the Fund assets	13,567	12,584
Interest income on the Fund assets	268	191
(Loss)/gain on the Fund assets	(5,562)	442
Contributions by the employer	600	600
Net benefits paid out	(273)	(250)
Administration costs incurred	(63)	-
Closing fair value of the Fund assets	8,537	13,566

## Lyreco UK Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 19 Post-employment benefits (continued)

##### Reconciliation of the defined benefit obligation:

	2022	2021
	£'000	£'000
Opening defined benefit obligation (DBO)	12,995	13,051
Interest expense on DBO	251	194
Actuarial losses on the Fund liabilities	(4,434)	-
Net benefits paid	(273)	(250)
<b>Closing defined benefit obligation</b>	<b>8,539</b>	<b>12,995</b>

##### Total cost recognised as an expense:

	2022	2021
	£'000	£'000
Operating cost:		
Administration expenses	63	-
Interest on net defined benefit liability	(17)	3
<b>Pension expense recognised in the income statement</b>	<b>46</b>	<b>3</b>

##### Amounts recognised in other comprehensive (expense)/income:

	2022	2021
	£'000	£'000
Asset (gains) arising during the year	1,128	(442)
<b>Re-measurement of net defined benefit obligation</b>	<b>1,128</b>	<b>(442)</b>

## Lyreco UK Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 20 Called up share capital

	2022 £'000	2021 £'000
<b>Allotted, called up and fully paid</b>		
14,841,100 ordinary shares of £1 each (2021: 14,841,100)	<b>14,841</b>	<b>14,841</b>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

#### Dividends

The directors paid an interim dividend for 2022: £12,000,000 (2021: £nil). The proposed interim dividend payable for 2023 is £nil.

#### 21 Financial instruments

The company has the following financial instruments:

	Note	2022 £'000	2021 £'000
Financial assets that are debt instruments measured at amortised cost			
- Trade receivables	15	<b>42,269</b>	38,954
- Amounts owed by group undertakings	15	<b>5,016</b>	18,878
		<b>47,285</b>	57,832
Financial liabilities measured at amortised cost			
- Trade payables	16	<b>43,762</b>	34,625
- Amounts owed to group undertakings	16	<b>3,790</b>	2,726
- Other payables	16	<b>5,983</b>	4,033
		<b>53,535</b>	41,384

## Lyreco UK Limited

### Notes to the financial statements for the year ended 31 December 2022 (continued)

#### 22 Contingent liabilities and other financial commitments

(a) There were no capital commitments at the year-end totalling £nil (2021: £nil).

(b) Total future commitments under non-cancellable operating leases are as follows:

	2022	2021
	£'000	£'000
<b>On leases which expire:</b>		
Within one year	3,256	3,257
Within two to five years	6,140	5,212
After five years	1,293	1,989
<b>Total</b>	<b>10,689</b>	<b>10,458</b>

The company had no other off-balance sheet arrangements.

#### 23 Controlling parties

The immediate parent company and the smallest group to consolidate these financial statements is Lyreco SAS, a company registered in France.

The ultimate parent undertaking and largest group to consolidate these financial statements is Corely SAS, a company registered in France. Copies of these financial statements are publicly available and can be obtained from 100 rue d'Estreux, 59264 Ohain, France.

The ultimate controlling party is Georges André Daniel Gaspard.