

Ryman Limited

Report and Financial Statements

Year Ended

27 March 2021

Company Number 03007166



Ryman Limited

Report and financial statements for the year ended 27 March 2021

Contents

Page:

1	Strategic report
7	Directors' report
12	Directors' responsibilities statement
13	Independent auditor's report
17	Statement of income and retained earnings
18	Statement of financial position
19	Notes forming part of the financial statements

Directors

T Paphitis
M S Cooke
K Kyprianou
S J Lakin
I M Childs

Secretary and registered office

K Lawton, Ryman House, Savoy Road, Crewe, Cheshire, CW1 6NA

Company number

03007166

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Bankers

National Westminster Bank plc, 18 Cromwell Place, London, SW7 2LB

Ryman Limited

Strategic report for the year ended 27 March 2021

A review of the business and future developments, including key performance indicators and the principal risks and uncertainties is set out below.

Business review and future developments

I am pleased to report on the year ended March 2021, which was heavily impacted by the Covid-19 pandemic. Despite a significant shift to and growth in e-commerce sales on being forced to close our 200 stores, overall the business saw sales decline from £123.4m to £73.0m.

Despite mitigating the disruption caused by the pandemic, through the management of costs, use of government support available and collaborating with all stakeholders, the Company made an earnings before interest, tax, depreciation and amortisation (EBITDA) loss of £8.5m. Albeit down to extreme, external factors, this is the first loss we have experienced under our ownership of what has been a consistent and profitable brand for over the last 25 years. As well as the impact on sales caused by the pandemic, we invested throughout the business to ensure that our colleagues and customers remained safe.

The strength of the brand in key markets most affected by the pandemic, relating to small businesses and students in City Centres, meant the impact was felt more by Ryman than our other retail businesses. The resilience of the business and great work of our colleagues has seen a steady recovery and based on our performance over the first seven months of the current financial year, we expect Ryman to return to an EBITDA profit this year. Furthermore, in recognition of the increased focus and development required to progress the business in the new environment, I am delighted that Peter Birks joined as a dedicated CEO for the Ryman business in August 2021. Peter has a wealth of experience in the office supplies market as well as demonstrating his leadership skills in other sectors.

Whilst we experienced some tightening in the supply chain during the last year, our excellent and long standing relationships with key brands and suppliers meant that we were able to secure products required by our customers, as their working and studying adapted to the pandemic. Our sales through our e-commerce business grew significantly during the year at 111%. Despite our stores reopening in April, the first six months of this year has seen further growth delivered on last year's sales through this channel. The move to remote working resulted in a particularly challenging time for our Business to Business channel, however, the opportunity was taken to relocate the business to London, where many of our existing and potential customers are based. We expect to see consolidation in the B2B market, which will benefit Ryman given the strength of our brand and infrastructure.

Our liquidity was strengthened by securing a CLBILS facility with our bankers of over 25 years, Natwest. This facility, together with our group's resources we believe is sufficient to support the business through its recovery, returning to its track record of consistent performance and profitability. We will continue to build on our strong relationships with our supplier base which makes up the best brands in the world for stationery and related products and review our store portfolio to ensure that it reflects the changing needs of our customers, including the opening of new stores where appropriate. The joint store initiative with our group company Robert Dyas has been very successful and we are now at six joint stores with more being considered. Our services offering including partnerships with Western Union and DHL, as well as our own print shops are helping to deliver footfall and revenue to our stores.

It remains for me to thank our colleagues, suppliers and all other stakeholders in Ryman for their extraordinary work and support over one of the most challenging periods for our business and our families. The dedication and commitment of our store and distribution colleagues was remarkable and enabled us to supply our customers connected to Ryman throughout this time. I expect the environment to remain challenging but I am confident that Ryman's strong foundations as a brand and Company will see it through to future successes.

Ryman Limited

Strategic report for the year ended 27 March 2021 *(continued)*

Key Performance Indicators

Like for like sales down 40.5% year on year (2020 - 0.6%). Like for like sales include stores and channels that have been trading throughout both the current and previous years.

Turnover decreased 40.8% to £73.0 million (2020 - £123.4 million). The main contributing factor for the reduction in turnover, both in total and on a like for like basis, is the impact of the Covid-19 pandemic and in particular the associated periods of stores closure.

EBITDA decreased to £8.5 million loss (2020 - £7.8 million profit).

Operating loss/profit decreased to £11.3 million loss (2020 - £5.6 million profit). The reduction in operating profit and EBITDA is a reflection of the reduction of turnover, offset in part by cost reductions and government support received.

Net assets at 27 March 2021 of £54.6 million (2020 - £64.4 million). The reduction in net assets reflects the impact on net current assets of the operating loss outlined above.

Given the challenging environment resulting from the Covid-19 pandemic, the directors are satisfied with the performance of the Company against these key performance indicators.

Principal risks and uncertainties

The principal risks and uncertainties that the Company faces together with an explanation of how they are managed and mitigated are as follows:

Covid-19

The Covid-19 pandemic has affected all aspects of the business. We are following Government guidance during this ongoing situation and the directors meet regularly to agree changes to the operation of the business.

The first and final quarters of our financial year (April to June 2020 and January to April 2021) were impacted significantly by the Covid-19 lockdowns, with our stores not trading for most of both quarters. As a result, we have managed costs and cash flow tightly through the following actions:

- successfully operating our online channels, sales from which were significantly up on both the previous year and pre-Covid levels. As well as generating cash flow, this also kept our central operations and warehouse running.
- reduction in costs and temporary pay cuts for management.
- furloughing staff related to both the store business and central operations.
- deferral of payments and obtaining grants in accordance with Government schemes.
- negotiations with landlords to agree appropriate terms on a store by store basis.
- reviewing staffing structures across the entire business and amending where necessary.

When stores did re-open, sales were resilient and continued to grow each week. Despite the significant impact of Covid-19 on our store estate, the pandemic has also acted as a catalyst for change, contributing to the shift from stores to online sales.

As a result of our planning and attention to keeping the business safe, we have been able to ensure that our stores, warehouse operations and head office were, and continue to be, Covid-secure, to protect our customers and colleagues. We have also been able to track any Covid cases amongst our colleagues and react accordingly. Our IT systems and remote working capabilities have allowed us to continue to support the business as usual. Through regular and open communication with our suppliers, we have been able to maintain our supply chains, to provide the goods and services that our customers require and expect.

Ryman Limited

Strategic report for the year ended 27 March 2021 (*continued*)

Principal risks and uncertainties (*continued*)

Covid-19 (continued)

The strength of the Ryman brand, business and balance sheet, which has net assets of £54.6m, puts us in a good position to overcome the challenges of the current pandemic and the retail market, and allows us to develop the business for further success. The competitive market we operate in and the rapidly changing environment will continue to demand the best from the strong trading partnerships that we have with our suppliers and similar minded brands.

Going concern

In preparing the financial statements the directors are required to assess the Company's ability to continue to trade as a going concern for the foreseeable future.

As outlined above, the directors have managed through the challenges created by the Covid-19 pandemic. Since our stores re-opened in April 2021 after the last lockdown, customer flow and sales have continued to build steadily, which gives us cautious optimism for the future. Whilst the potential for further disruption remains, including the possibility of further periods of lockdown, experience shows that any reduction in store sales will be partly offset by an increase in e-commerce revenue and our actions to save costs and preserve cash.

In undertaking their going concern review, the directors have given due consideration to the Company's trading and mitigating actions taken through the previous and current Covid-19 disruption, together with forward-looking projections to the end of March 2023, which covers the next 12 months. The Company has a number of sources of funding available including a Revolving Credit Facility under the Coronavirus Business Interruption Loan Scheme, potential funding between our principal group trading companies and borrowings secured against group freehold properties. The directors have also obtained letters from related party creditors confirming their commitment to continue providing existing funding to the Company.

The duration and severity of Covid-19 remains unknown so the Company has prepared detailed cash flow forecasts and undertaken further scenario modelling, including sales sensitivities, different assumptions regarding the future mix of store and online sales, and a potential working capital impact. In carrying out this review the potential impact of the latest Omicron variant and the changes in government guidance on the wearing of facemasks in the retail environment were also considered, along with the change in the guidance on working from home, and these were not expected to have any material impact on trade. The directors also consider that the chances of future lockdowns in the short to medium term to be remote having regard for all the information currently available to the business and, in particular, the government stated intentions. If this were to happen the duration or severity of any measures is unknown, but the directors anticipate that there would be further government assistance and would seek to take mitigating actions to manage cash flows. The operating plans and financial forecasts that have been modelled as the business emerges from the pandemic indicate that the Company has sufficient cash headroom to meet its liabilities as they fall due. Despite the inherent uncertainty in respect of Covid-19, based on the above the directors do not consider these uncertainties to be material. It is on this basis, that the directors consider that the Company will be a going concern for a period of at least 12 months from the date of approval of these financial statements and they have therefore prepared the financial statements on a going concern basis.

Cyber risk/business continuity

An ever present and increasing risk to our business is the potential impact from a cyber-attack. In response we have a dedicated Security Board with members from both within the Company and external specialists, who monitor and advise on how best to mitigate this risk. Actions taken include the appropriate updating and back up of our systems and data.

Liquidity and cash flow

The directors review the liquidity and cash flow risk of the Company carefully. Cash flow is monitored by the directors on a regular basis and surplus funds are primarily invested in readily accessible accounts to ensure that peak working capital requirements are easily managed.

Ryman Limited

Strategic report for the year ended 27 March 2021 *(continued)*

Principal risks and uncertainties *(continued)*

The Economy and impact of Brexit

There are a number of economic factors that affect our customers, partners and suppliers at both the global and national level. The directors monitor these closely to ensure that the Company is prepared for and can react to changes in the economic environment. We are constantly monitoring developments post Brexit and considering potential impacts, particularly on our supply chain and currency exposure. We have maintained regular discussions with our suppliers and continue to hedge our currency exposure in line with our policy. We will also maintain our agile and collaborative approach to all aspects of our business to ensure that the impact of any disruption following our departure from the European Union are minimised. The majority of our supply chain is based outside the European Union and as such there has been no material impact of Brexit.

Currency

The Company manages foreign exchange risk through, when appropriate, the forward buying of US Dollars for future trade payments. The directors agree and review the policy on a regular basis. Financial instruments such as trade creditors arise directly from the Company's operations.

Stock

The most significant investment that the Company makes each year is its investment in stock. Processes are in place to mitigate the risk inherent in such an investment by controlling the level of stock in the context of changing sales levels, and to ensure that all slow-moving stock is moved quickly through the business.

People

The directors recognise the importance of our people in the success of its operations. The risk of reliance on key individuals is reduced through the development of succession plans.

Section 172 (1) statement

This report sets out how the directors of Ryman Limited comply with the requirements of Section 172 Companies Act 2006 and how these requirements have impacted the Board's decision making throughout the year. The report for Ryman Group Limited has been included in these financial statements as the directors consider that the key decisions made are consistent with those included within the Ryman Limited report.

The directors have acted in a way that they consider to be most likely to promote the success of the Company, and in doing so had regard to:

- the likely consequences of any decision in the long term;
- the need to act fairly as between members of the Company;
- the interest of the Company's employees;
- the need to further develop the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment; and
- the requirement of the Company in maintaining its reputation for high standards of business conduct.

Decision Making

Ryman Limited is ultimately controlled by a single shareholder, who works closely with the senior executive team. Together they ensure that all decisions made are in the best interest of the Company, stakeholders and employees. Whilst the Company has not formally adopted an integrated governance code, these best practices form the foundation of the reviews undertaken by the shareholders, directors and senior management teams.

Ryman Limited

Strategic report for the year ended 27 March 2021 (*continued*)

Section 172 (1) statement (*continued*)

Decision Making (*continued*)

Formal monthly management meetings are held to discuss amongst other relevant matters:

- financial performance
- budget approvals
- business and market reviews
- market and ecommerce reviews
- operational/strategic plans
- employee relations

Given the entrepreneurial nature of the business, the above are not restricted solely to formal monthly meetings and the shareholder will often attend the weekly trade meetings.

The key decisions made by the Board in the year include:

- the decision to strengthen the Business Leadership Team with the appointment of Peter Birks as Chief Executive Officer;
- to apply to the Coronavirus Large Business Interruption Scheme for a £10m rolling credit facility to help the Company recover from the impact of the pandemic;
- increasing the focus on our B2B business. This has involved the recruitment of a new dedicated Sales team in our London office; and
- the decision was made to set up a Covid-19 Crisis Management Executive team, who worked across the four brands of TPRG and coordinated a group-wide approach to the handling of the Covid-19 pandemic. The team met on a daily basis throughout the first month of the pandemic and at least twice a week thereafter. Its' primary concern was the safety of both its' employees and customers. Some of the matters considered by the team included the furloughing of employees, sourcing of PPE and the introduction of a Covid-19 testing programme to ensure that our warehouse could continue to operate and in a secure manner. The Government guidance and regulations continually reviewed by the team to ensure that the Group met its obligations under them.

All decisions made by the Board during the year were done taking full consideration of the interests of its employees, customers, shareholders, suppliers and communities. These decisions were made within the context of the medium and long term strategies and shareholders expectations on investment return and to strengthen the business from both an operational and financial perspective.

Our Stakeholders

Suppliers

Our customers and suppliers are central to our business, without them we would not exist. We engage and build relationships with our suppliers through regular interactions at the most senior levels. The Board seeks to balance the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value for money for the Company and the desired quality and service levels for our customers. All those in our supply chain are expected to respect the rights and wellbeing of their workforce, protect the natural environment and promote high standards of welfare.

Customers

Our customers, and their needs, remain at the forefront of our business. The work we have done internally to analyse the shopping behaviour, demographic and geo location of our customers has helped inform our ongoing brand strategies. It has enabled us to identify ways to improve the overall customer experience - including expanding delivery services, introducing flexible payment options, and working towards ensuring our service levels in stores and online continue to exceed expectations.

Ryman Limited

Strategic report for the year ended 27 March 2021 (*continued*)

Section 172 (1) statement (*continued*)

Our Stakeholders (*continued*)

Employees

Our employees are our most valuable asset. We aim to attract, retain and develop the best talent at every level throughout Ryman and believe that an engaged workforce is vital to achieving our aims. We strive to create a workplace in which everyone is safe, supported and respected; treated fairly and taken care of; listened to; and motivated to achieve their full potential. We encourage diversity and inclusion every day, ensuring that everyone should be able to be their true self at work, and feel they belong.

We have launched a new Personal Development Programme this year, where all employees undertake personal development reviews on a bi-annual basis which are then linked to a bonus scheme which is based on Company performance and personal KPIs. This programme has been designed to help us to monitor our employees' potential and support their career progression and promotion wherever possible.

We appreciate that this year has been particularly difficult for our employees as we all navigate our way through the pandemic, so in order to support them we have trained numerous Mental Health First Aiders across the business, along with continuing to offer support from the Retail Trust.

Our Communities

The impact we have on the communities we serve is an important consideration for the Ryman business. We recognise that our product offering is a key area in which we can contribute to efforts that enable a reduction in consumer carbon footprint. We are a brand, which is committed to identifying new ways to reduce plastic pollution by offering our customers more environmentally-friendly choices.

We continue to support the work of Starlight Children's Foundation, a charity which reduces the impact of serious illness on children and families, in hospital, or at home, during treatment and recovery, through playtime by providing craft and stationery which can be used as part of children's play therapy. We are also proud to sponsor the National Play Therapist of the Year awards, which Starlight organises to recognise Play Therapists working in the NHS across the UK.

During 'Pride' month, Ryman aimed to raise awareness of diversity and inclusion, in stores, warehouses, offices and through social media activity ensuring that everyone should be their true self at work, and feel they belong. We chose to support the Body Positive charity during this period, a local charity to our head office in Crewe, which supports the LGBTQ+ community struggling with mental health issues.

On behalf of the Board



T Paphitis
Chairman

Date 14 December 2021

Ryman Limited

Directors' report for the year ended 27 March 2021

The directors present their report together with the audited financial statements for the year ended 27 March 2021.

Results and dividends

The statement of income and retained earnings is set out on page 17 and shows the result for the year.

The loss after taxation for the year amounted to £9,752,000 (2020 – profit of £4,992,000).

The directors do not recommend the payment of a final dividend (2020 - £nil).

Principal activities, business review and future developments

The Company is a retailer specialising in stationery through the Ryman chain of stores and online through www.ryman.co.uk and www.rymanbusiness.com.

A review of the business and future developments is contained in the strategic report on page 1.

Financial risk factors

The consideration of the key financial risk factors is contained in the strategic report on pages 2 to 4.

Directors

The directors of the Company during the year were:

T Paphitis
M S Cooke
K Kyprianou
S J Lakin
I M Childs

Going concern

The directors' assessment of the Company's ability to continue to trade as a going concern is outlined in note 1, Accounting policies: basis of preparation.

Deeds of indemnity

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the Company.

Employees

Ryman is an equal opportunities employer, committed to diversity and inclusion for all employees. The Company recruits the best people from all backgrounds reflecting the communities in which it operates and encourages development through training programmes for employees to make best use of their skills.

Ryman Limited

Directors' report for the year ended 27 March 2021 (*continued*)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of employees becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Health and Safety

Ryman understands the importance of high standards of health and safety which it monitors through its Health and Safety Committee which meets regularly. The Committee comprises representatives from operational, administrative and risk management and is chaired by the Company Secretary.

Employee consultation

The Company places considerable value on the involvement of its employees and maintains close consultation with them regarding matters likely to affect their interests. It is committed to providing them with relevant information, involving them in the performance and development of the Company whenever possible. This is achieved through regular trading updates and both formal and informal meetings where employees are consulted on a wide range of matters that affect their interests. The Company operates a regular performance review process with each employee to discuss personal and career development.

Business relationships

The Company values its various business relationships with customers, suppliers and other parties. Details of these relationships can be found in the S172 (1) statement on pages 4 to 6.

Streamlined Energy and Carbon Reporting (SECR) statement

In line with the Streamlined Energy and Carbon Reporting legislation, the Company is required to report its energy consumption and greenhouse gas emissions arising in the UK. All scope 1 and 2 sources of energy and emissions have been disclosed as well as mandatory scope 3 sources of energy and emissions.

During the financial period under review our electricity consumption has reduced by 27% and our natural gas consumption has reduced by 14% when compared to our ESOS Phase 2 energy audits. This is mostly due to the Covid-19 restrictions when many of our stores were closed and business travel was reduced to a minimum.

Energy consumption and greenhouse gas emissions for the period 1 April 2020 to 31 March 2021

Source of energy and emissions	GHG emissions (tCO ₂ e)
Scope 1 (gas, diesel and other fuels) Total scope 1	623.06
Scope 2 (electricity) Total scope 2	1,643.57
Total emissions in tonnes CO₂e	2,266.63
Intensity ratio (per 1000m² gross floor area tCO₂e)	49.95
Total energy consumption MWh	9,837.37

Ryman Limited

Directors' report for the year ended 27 March 2021 (*continued*)

Streamlined Energy and Carbon Reporting (SECR) statement (*continued*)

Conversion factors

All conversion factors and fuel properties used in this disclosure have been taken from the 2020 "UK Government Greenhouse Gas Conversion Factors for Company Reporting" published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food & Rural Affairs (DEFRA). Average fuel prices have been taken from "Retail Prices of Petroleum Products and Crude Oil Price Index" published by BEIS. All greenhouse gas emissions have been expressed in terms of their carbon dioxide equivalence. LG Energy Group has assisted us with the data gathering and reporting calculations.

Utilities

For purchased electricity and natural gas the consumption expressed in kilowatt-hours has been taken from supplier invoices and half-hourly meter readings. The location based kgCO₂e/kWh conversion factors for the average UK grid supply have been used to calculate greenhouse gas emissions from electricity and natural gas consumption. Our distribution centre in Crewe also has photovoltaic panels installed which generate carbon-neutral electricity.

Transport

Heavy goods vehicles refuel from on-site tanks. The quantity of diesel consumed in litres has been taken from supplier invoices. Company vans use fuel cards which record the cost of diesel purchased, and staff driving passenger vehicles record the cost of fuel purchased in expense claims. The average monthly fuel price has been used to estimate the quantity of fuel consumed in litres from the cost. The kgCO₂e/litre and kgCO₂e/kWh conversion factors for the average forecourt blend of diesel and petrol have been used to calculate the underlying energy use and associated greenhouse gas emissions.

Other fuels and emissions

No other fuels are used.

Maintenance records did not contain any instances of refrigerant leaks during the reference period. No other sources of fugitive emissions have been identified.

Energy efficiencies

Due to the impact of Covid-19 on normal operations and the closure of our stores for a significant proportion of the year, there has been limited scope for capital expenditure projects but we have extensively increased the use of video technology across the business to facilitate remote working and to encourage the reduction of business travel where possible. We are also in the process of converting all lighting to LED fittings and forklift trucks have had their batteries and chargers upgraded.

Auditors

Each individual director has taken all the steps necessary to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487 (2) they will automatically be reappointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their reappointment.

Ryman Limited

Directors' report for the year ended 27 March 2021 *(continued)*

Statement of Corporate Governance

The Ryman business approach is based on transparency and high levels of accountability. The directors have a clear vision in relation to corporate governance, policies and procedures considered appropriate for a shareholder managed private business. Whilst the group has not formally adopted an integrated governance code best practice is followed where it is considered appropriate to the size and nature of the business, and these best practices form the foundation of the reviews undertaken by the shareholders, directors and senior management teams.

Although part of a group, Ryman is responsible for setting the strategic aims and objectives of the business, monitoring and reporting to its shareholders on performance against strategy, approving policies and monitoring risk and corporate governance. The key arrangements are as follows:

Purpose and Leadership

Ryman is a heritage brand which has been a staple on our high streets for over 125 years. Ryman's aim has always been to create sustainable value for all its' stakeholders whilst achieving the highest standards of business conduct which helps to earn and maintain stakeholder trust and sustain business success. The directors consider it fundamental to maintain a culture focused on embedding responsible business behaviours whilst sustaining the long term trust of both suppliers and the engagement of colleagues.

Board Composition

The composition of the Board and changes during the year is set out in the report of the directors. The Board believes it has an appropriate balance in regard to the size and nature of the business. Although there are no independent directors on the Board, the directors are highly experienced business leaders and frequently consider the interests of a broad range of stakeholders (including employees) in their decision-making processes.

Board Responsibilities

The Board is committed to ensuring that it provides leadership to the Company as a whole, having regard to the interests and views of its shareholders and other stakeholders. It is also responsible for setting the Company's strategy, values and standards. The Board is responsible for the effective leadership, operation and governance of the Company. Directors contribute effectively in the development and implementation of the Company's strategy whilst ensuring that the nature and extent of the significant risks the Company is willing to embrace in the implementation of its strategy are determined and challenged. The directors, together, act in the best interests of the Company devoting sufficient time and consideration as necessary to fulfil their duties. Each director leads by example, bringing different skills, experience and knowledge to the Company.

Opportunity and risk

The Company continues to seek out both short and long term strategic opportunities with both existing and new suppliers and partnerships.

The Security and Risk Committee meets quarterly to formally review each of the Company's principal risks and consider any emerging risks. Each of the principal risks are defined and owned by one of the Senior Executive team.

The Audit Committee is responsible for reviewing the Company's internal financial controls and internal control and risk management systems. It reports to the Board on the statements to be included in the annual report concerning internal control and risk management.

Ryman Limited

Directors' report for the year ended 27 March 2021 (*continued*)

Statement of Corporate Governance (*continued*)

Remuneration

The directors develop, maintain and implement remuneration policies. The overriding objective of such policies is to attract and retain high-calibre individuals with a competitive reward package based on the achievement of corporate performance targets. These are linked to individual performance and accountability, and supports the Company's commitment to high values while rewarding long-term value creation. The directors ensure that levels of compensation across the Company are sufficiently competitive to retain talent. The Personal Development Programme, launched this year, is also designed to ensure that all colleagues can fulfil their potential which will help with retention and succession planning for key roles.

Stakeholders

The Board is committed to effective communications with its shareholders and engagement with stakeholders is discussed within the stakeholder disclosure of the S172 (1) statement in the strategic report on pages 4 to 6.

By order of the Board



T Paphitis
Director

Date 14 December 2021

Ryman Limited

Directors' responsibilities statement for the year ended 27 March 2021

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 satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

Ryman Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RYMAN LIMITED

Qualified Opinion on the financial statements

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 27 March 2021 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.

We have audited the financial statements of Ryman Limited ("the Company") for the year ended 27 March 2021 which comprise the statement of income and retained earnings, the statement of financial position and notes to the financial statements, 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).

Basis for qualified opinion

We were not able to observe the counting of store stock at the end of the year due to lockdown restrictions put in place by the government specifically as a result of the Novel Coronavirus. We were, therefore, unable to satisfy ourselves by alternative means concerning the store stock quantities held at 27 March 2021, which amount to £12.6m of the total stock balance included in the balance sheet at £20.9m, by using other audit procedures. Consequently we were unable to determine whether any adjustment to this amount was necessary.

In addition, were any adjustment to the stock balance to be required, the strategic report and the directors' report would also need to be amended.

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

Independence

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

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.

Ryman Limited

Independent auditor's report (*continued*)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. 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.

As described in the basis for qualified opinion section of our report, we were not able to observe the counting of store stock at the end of the year due to lockdown restrictions put in place by the government specifically as a result of the Novel Coronavirus. We were therefore unable to satisfy ourselves concerning the store stock quantities held at 27 March 2021 which amounts to £12.6m of the total stock balance included in the balance sheet at £20.9m. In addition, were any adjustment to the stock balance required, the strategic report and the directors' report could be misstated.

Other Companies Act 2006 reporting

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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 has been prepared in accordance with applicable legal requirements.

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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.

Arising solely from the limitation on the scope of our work relating to the non-attendance at store stock counts, due to the Government lockdown restrictions referred to above:

- in respect of the non-attendance at store stock counts, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to independently determine whether adequate accounting records have been kept in respect of store stock quantities due to the non-attendance at store stock counts.

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:

- 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.

Ryman Limited

Independent auditor's report (*continued*)

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

- We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud.
- We considered the Company's compliance with laws and regulations that have a significant impact on the financial statements including, but not limited to, UK accounting standards, company law and tax legislation, and we considered the extent to which non-compliance might have a material effect on the Company financial statements.
- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We reviewed minutes of all Board meetings held during the year for any indicators of non-compliance and made enquiries of management and of the directors as to the risks of non-compliance and any instances thereof. We also made similar enquiries of advisers to the Company, where information from that adviser has been used in the preparation of the financial statements.
- We addressed the risk of management override of internal controls, including testing a sample of journal entries based on risk criteria processed during and subsequent to the period and evaluating whether there was evidence of bias in these entries that represented a risk of material misstatement due to fraud.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Ryman Limited

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. In addition, the extent to which the audit was capable of detecting irregularities, including fraud was limited by the matter described in the basis for qualified opinion section of our report.

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

Use of our report

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

DocuSigned by:

James Fearon

811C610A956346D...

James Fearon (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick, UK

Date 14 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Ryman Limited

Statement of income and retained earnings for the year ended 27 March 2021

	Note	2021 £'000	2020 £'000
Turnover	3	72,988	123,444
Cost of sales		(75,820)	(98,854)
Gross (loss)/profit		(2,832)	24,590
Administrative expenses		(20,563)	(19,274)
Other operating income	4	12,100	316
Operating (loss)/profit	5	(11,295)	5,632
Interest receivable and similar income	8	1,130	1,192
Interest payable and similar charges	9	(57)	(245)
(Loss)/profit on ordinary activities before taxation		(10,222)	6,579
Taxation on (loss)/profit from ordinary activities	10	470	(1,587)
(Loss)/profit on ordinary activities after taxation		(9,752)	4,992
Retained profits at start of year		61,602	56,610
Retained profits at end of year		51,850	61,602

All amounts relate to continuing activities.

The notes on pages 19 to 34 form part of these financial statements.

Ryman Limited

Statement of financial position at 27 March 2021

Company number 03007166	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Property, plant and equipment	11		9,387		10,541
Intangible assets	12		1,320		1,617
Investments	13		1,750		1,750
			12,457		13,908
Current assets					
Stocks	14	20,923		20,265	
Debtors	15	55,730		55,468	
Cash at bank and in hand		5,267		9,546	
		81,920		85,279	
Creditors: amounts falling due within one year	16	(39,777)		(34,835)	
Net current assets			42,143		50,444
Total assets less current liabilities			54,600		64,352
Net assets			54,600		64,352
Capital and reserves					
Called up share capital	18		1,500		1,500
Share premium			1,250		1,250
Profit and loss account			51,850		61,602
Shareholders' funds			54,600		64,352

The financial statements were approved by the Board and authorised for issue on 14 December 2021



T Paphitis
Director

The notes on pages 19 to 34 form part of these financial statements.

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021

1 Accounting policies

Ryman Limited is a private Company limited by shares and incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. The accounts are drawn up to the nearest whole £'000, except where otherwise indicated.

The following principal accounting policies have been applied:

Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- statement of cash flows and related notes;
- key management personnel remuneration; and
- related party transactions.

This information is included in the consolidated financial statements of Fivefathers Holdings Limited as at 27 March 2021 and these financial statements may be obtained from the address given in note 21.

Basis of preparation

In preparing the financial statements the directors are required to assess the Company's ability to continue to trade as a going concern for the foreseeable future.

As outlined in the strategic report, the directors have managed through the challenges created by the Covid-19 pandemic. Since our stores re-opened in April, customer flow and sales have continued to build steadily, which gives us cautious optimism for the future. Whilst the potential for further disruption remains, including the possibility of further periods of lockdown, experience shows that any reduction in store sales will be partly offset by an increase in e-commerce revenue and our actions to save costs and preserve cash.

In undertaking their going concern review, the directors have given due consideration to the Company's trading and mitigating actions taken through the previous and current Covid-19 disruption, together with forward-looking projections to the end of March 2023, which covers the next 12 months. The Company has a number of sources of funding available including a Revolving Credit Facility under the Coronavirus Business Interruption Loan Scheme, potential funding between our principal group trading companies and borrowings secured against group freehold properties. The directors have also obtained letters from related party creditors confirming their commitment to continue providing existing funding to the Company.

The duration and severity of Covid-19 remains unknown so the Company has prepared detailed cash flow forecasts and undertaken further scenario modelling, including sales sensitivities, different assumptions regarding the future mix of store and online sales, and a potential working capital impact. In carrying out this review the potential impact of the latest Omicron variant and the changes in government guidance on the wearing of facemasks in the retail environment were also considered, along with the change in the guidance on working from home, and these were not expected to have any material impact on trade. The directors also consider that the chances of future lockdowns in the short to medium term to be remote having regard for all the information currently available to the business and, in particular, the government stated intentions. If this were to happen the duration or severity of any measures is unknown, but the directors anticipate that there would be further government assistance and would seek to take mitigating actions to manage cash flows.

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021 (continued)

1 Accounting policies (continued)

Basis of preparation (continued)

The operating plans and financial forecasts that have been modelled as the business emerges from the pandemic indicate that the Company has sufficient cash headroom to meet its liabilities as they fall due. Despite the inherent uncertainty in respect of Covid-19, based on the above the directors do not consider these uncertainties to be material. It is on this basis, that the directors consider that the Company will be a going concern for a period of at least 12 months from the date of approval of these financial statements and they have therefore prepared the financial statements on a going concern basis.

Turnover

Turnover is stated net of returns, after deducting discounts and markdowns, and is exclusive of value added tax. Revenue is recognised only when all significant risks and rewards of ownership of goods have been transferred to the purchaser.

The Company earns agency commission from the provision of third party partner in-store and online services. Revenue is recognised on an accruals basis in accordance with the relevant agreement.

Tangible fixed assets

Tangible fixed assets 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.

Depreciation

Depreciation is charged so as to write off the cost of assets, less their residual value, over their expected useful lives using the following rates:

Short leaseholds and leasehold improvements	-	over the lease term
Fixtures, and fittings and equipment	-	15% - 25% on written down value

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 within 'Administrative expenses' in the statement of income and retained earnings.

Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ("CGU") to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU's). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021 (*continued*)

1 Accounting policies (*continued*)

Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to sell. Cost is based on the weighted average cost.

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

Onerous lease contracts

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining term.

Operating leases

Operating lease rentals are charged to profit or loss on a straight-line basis over the term of the lease.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (30 March 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

For leases entered into on or after 30 March 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

During the year the Company has received rent concessions on a number of the leased properties. In accordance with the amendment to FRS 102 the Company has recognised the change in lease payments over the period that the change is intended to compensate where the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change; and
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no significant change to other terms and conditions of the lease.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or 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 reporting date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021 (*continued*)

1 Accounting policies (*continued*)

Current and deferred taxation (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the economic substance of the financial instrument's contractual obligations rather than the financial instrument's legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Foreign currency transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate where this rate approximates the actual rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss in the same place as the item to which they relate.

Derivative financial instruments

The Company's exposure to foreign exchange rate fluctuations is managed through the use of forward exchange contracts. These contracts are held at fair value which is determined based on the forward exchange rates as at reporting date. The Company has not adopted hedge accounting. Unrealised changes in the fair value of these derivative instruments and cumulative gains and losses realised on the settlement of these derivative instruments are recognised in the in the profit or loss in the same place as the item to which they relate.

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021 (continued)

1 Accounting policies (continued)

Intangible assets - Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary or acquisition of trade and assets at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 10 years.

Goodwill is being amortised to 'administrative expenses' over a period of 10 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Intangible assets – Software development costs

Software costs that are classified as intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Software costs are capitalised as they relate to the development and functionality of the Company's website which is expected to generate future revenues in excess of the costs of development.

All software development costs are internally generated. Expenditure on maintaining software is written off as incurred.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives at a rate of 20% on a straight line basis. The change in accounting estimate in the current year from the previous 15% on written down value is to better reflect the intangible asset useful life. The impact of the change has reduced the net book value and increased amortisation by £396,000 in the current year. It is included in either costs of sales or administrative expenses, depending on the software use within the Company.

Pension costs

Contributions to the Company's defined contribution pension scheme are charged to the profit or loss in the year in which they become payable. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021 (*continued*)

1 Accounting policies (*continued*)

Government Grants

Income received from the government in the form of grants is accounted for on an accruals basis and recognised in profit or loss on a systematic basis over the period in which the compensated expenses are incurred. Recognition takes place when there is reasonable certainty that the Company will be compliant with the conditions of the grants and that the grants will be received.

Grants of a revenue nature are recognised in 'other operating income' within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('furlough'). The Company has also benefited from other forms of government assistance including council rate grants.

Consolidated financial statements

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Ryman Group Limited. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

Critical judgements in applying the Company's accounting policies

The directors do not feel that they have made any critical judgements in the year in the process of applying the Company's accounting policies, apart from those involving estimations (which are dealt with separately below).

Key sources of estimation uncertainty

The key assumptions or estimation uncertainties at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Inventory provisions

Stock is valued at the lower of cost and net realisable value. Management apply judgement in estimating the net realisable value for each product line, which includes assessing the lifecycle of the product, sell through data and price achieved. Estimates are revised as latest information is available.

Tangible fixed asset and intangible asset useful lives

Tangible fixed assets and some intangible assets are depreciated and amortised over their useful lives taking into account residual values, where appropriate. Intangible software is amortised on a straight line rate. The selection of these estimated lives requires the exercise of management judgement. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. The carrying amounts of tangible fixed assets and intangible assets are included in notes 11 and 12.

Tangible fixed asset and intangible asset impairment

Determining whether tangible fixed assets or intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which these assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from a cash-generating unit, which is usually considered to be a store. The directors have concluded that no impairment to the carrying value of intangible assets is required in the period under review. The directors have concluded that following the impairment test of tangible fixed assets an impairment charge has been recognised in the period under review and is shown in note 11.

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

Onerous lease provision

A provision for onerous leases is considered when a store is loss making and the unavoidable costs exceed the economic benefits expected to be received under the lease. In determining the economic benefits expected to be received, the directors consider both the cash flows attributable to the store to the expiry of the lease term and future cash flows where it is anticipated the store lease will be renewed on an indefinite basis. This requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows.

Intercompany impairments

In preparing the financial statements, the directors have determined whether there are indicators of impairment of the intercompany balances at year end. Factors taken into consideration in reaching such a decision include the expected future financial performance of the relevant group entities and their ability to settle any amounts due.

3 Turnover

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

4 Other operating income

	2021 £'000	2020 £'000
Government grants – Government Coronavirus Job Retention Scheme (furlough)	8,698	316
Other government grants – revenue in nature	3,402	-
	<u>12,100</u>	<u>316</u>

5 Operating (loss)/profit

	2021 £'000	2020 £'000
This is arrived at after charging/(crediting):		
Depreciation of tangible assets	1,773	1,913
Impairment of tangible assets	354	-
Amortisation of intangible fixed assets	689	215
Foreign exchange loss/(gain)	589	(2,428)
Hire of plant and machinery - operating leases	1,011	997
Hire of other assets - operating leases	10,842	13,469
Auditors' remuneration - audit services	90	85
Non-audit services payable to auditor	-	2
Loss/(profit) on disposal of fixed assets	91	(15)
	<u></u>	<u></u>

Operating lease expense above is the expense recorded after recognising in the statement of income and retained earnings Covid-19-related rent concessions received of £2,007,000 (2020 - £nil).

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021 (continued)

6 Employees

	2021 £'000	2020 £'000
Staff costs consist of:		
Wages and salaries	24,661	28,098
Social security costs	1,756	1,959
Other pension costs	532	577
	<u>26,949</u>	<u>30,634</u>

In addition to the costs above the Company was recharged payroll costs from other group companies totalling £1,448,000 (2020 - £1,692,000).

Redundancy amounts paid through payroll in the year are included in the wages and salaries figure above. As at 27 March 2021, there were no outstanding amounts due.

The average weekly number of employees (including directors) during the year was:

	2021 Number	2020 Number
Shop employees	1,386	1,576
Other employees	441	445
	<u>1,827</u>	<u>2,021</u>
Full time equivalent	<u>1,253</u>	<u>1,401</u>

7 Directors' remuneration

The directors received no remuneration from the Company during the current or prior year.

8 Interest receivable and similar income

	2021 £'000	2020 £'000
Bank interest	7	9
Interest received from other group companies (note 20)	1,110	1,183
Foreign currency exchange rate gain	3	-
Other interest	10	-
	<u>1,130</u>	<u>1,192</u>

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021 (*continued*)

9 Interest payable and similar charges

	2021 £'000	2020 £'000
Foreign currency exchange rate losses	-	3
Interest paid to other group companies (note 20)	45	-
Related party interest (note 20)	12	242
	<u>57</u>	<u>245</u>

10 Taxation on loss on ordinary activities

	2021 £'000	2020 £'000
<i>UK Corporation tax</i>		
Group relief payable	-	1,849
Adjustment in respect of prior period	(470)	-
	<u>(470)</u>	<u>1,849</u>
Total current tax	(470)	1,849
Deferred taxation: origination and reversal of timing differences	-	(262)
	<u>(470)</u>	<u>1,587</u>

The tax assessed for the period is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2021 £'000	2020 £'000
(Loss)/profit on ordinary activities before tax	<u>(10,222)</u>	<u>6,579</u>
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(1,942)	1,250
Effects of:		
Other timing differences	-	5
Depreciation in excess of capital allowances	497	350
Other deferred tax movements	-	(262)
Adjustment in respect of prior period	(470)	244
Tax losses not recognised	1,445	-
	<u>(470)</u>	<u>1,587</u>

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021 (continued)

10 Taxation on loss on ordinary activities (continued)

The Company has unrecognised deferred tax assets in respect of deferred capital allowances of £627,000 (2020 - £216,000). A deferred tax asset of £1,445,000 (2020 - £nil) in respect of unutilised tax losses has not been recognised at this stage as there is insufficient evidence as to its recoverability.

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017. A further reduction in the UK corporation rate to 17% from 1 April 2021 had been announced but at Budget 2020 the rate remained at 19% for years starting 1 April 2020 and 2021.

A change in the main UK corporation tax rate, announced in the budget on 3 March 2021, was substantively enacted in May 2021. From 1 April 2023 the main corporation tax rate will increase from 19% to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. Where the Company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in the corporation tax rate. This will increase the Company's future tax charge accordingly.

11 Property, plant and equipment

	Short leasehold and leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 29 March 2020	8,941	31,889	40,830
Additions	106	958	1,064
Disposals	(119)	(309)	(428)
At 27 March 2021	8,928	32,538	41,466
<i>Depreciation and Impairment</i>			
At 29 March 2020	7,154	23,135	30,289
Depreciation	362	1,411	1,773
Impairment	-	354	354
Disposals	(108)	(229)	(337)
At 27 March 2021	7,408	24,671	32,079
<i>Net book value</i>			
At 27 March 2021	1,520	7,867	9,387
At 28 March 2020	1,787	8,754	10,541

Store fixed assets of £354,000 (2020 - £nil) were impaired during the period based on a value in use calculation. The main assumptions comprised a pre-tax discount rate of 15% and a probability-weighted assessment of anticipated future cash flows. This is recorded in administrative expenses in the statement of income and retained earnings.

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021 (*continued*)

12 Intangible assets

	Positive goodwill £'000	Software costs £'000	Total £'000
<i>Cost</i>			
At 29 March 2020	277	2,058	2,335
Additions	-	392	392
At 27 March 2021	277	2,450	2,727
<i>Amortisation and impairment</i>			
At 29 March 2020	161	557	718
Amortised during the year	40	649	689
At 27 March 2021	201	1,206	1,407
<i>Net book value</i>			
At 27 March 2021	76	1,244	1,320
At 28 March 2020	116	1,501	1,617

The historic goodwill arose as a result of the fair value exercise on the acquisitions of franchise stores in July 2014, June 2016 and September 2017.

At the year end the average amortisation period remaining was 2 years (2020 - 3 years).

Ryman Limited

Notes forming part of the financial statements
for the year ended 27 March 2021 (*continued*)

13 Investments

Shares in
subsidiary
undertakings
£'000

At 28 March 2020 and 27 March 2021

1,750

Subsidiary undertakings

The undertakings in which the Company's interest at the year end is 20% or more are as follows:

	Country of incorporation	Class of shares	Percentage held	Nature of Business
Partners the Stationers Limited	England & Wales	Ordinary	100%	Dormant

The registered office of the subsidiary above is Ryman House, Savoy Road, Crewe, Cheshire CW1 6NA.

During the year no dividends were received (2020 - £nil).

14 Stocks

	2021 £'000	2020 £'000
Finished goods and goods for resale	20,923	20,265

There is no material difference between the replacement cost of stocks and the amounts stated above.

15 Debtors

	2021 £'000	2020 £'000
Trade debtors	1,508	2,683
Amounts owed by group undertakings	49,649	45,145
Amounts owed by related parties (note 20)	45	74
Other debtors	404	580
Prepayments and accrued income	4,124	6,986
	55,730	55,468

All amounts shown under debtors fall due for payment within one year.

Amounts owed by related parties are unsecured, interest free and are repayable on demand.

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021 (continued)

16 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	13,971	11,075
Amounts owed to group undertakings	2,834	4,333
Amounts owed to related parties (note 20)	8,236	8,527
Corporation tax – group relief payable	2,521	2,524
Other taxation and social security	4,516	4,087
Derivative financial instruments	745	-
Other creditors	3,010	340
Accruals and deferred income	3,944	3,949
	<u>39,777</u>	<u>34,835</u>

The related party loan facility of £8,000,000 from Paphos Sky Limited expires on 30 April 2024. Interest has been charged at a rate of 2.5% per annum and the loan is repayable on demand.

In addition the Company has access to a CLBILs facility of £10.0m from Natwest Bank. No amounts had been drawn from this facility at the year end. Since the year end £4.0m of this facility has been drawn down.

17 Financial instruments

	2021 £'000	2020 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	56,873	58,028
	<u>56,873</u>	<u>58,028</u>
Financial liabilities		
Financial liability measured at fair value through profit and loss	745	-
Financial liabilities measured at amortised cost	31,069	27,186
	<u>31,814</u>	<u>27,186</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors, amounts owed by related parties and amounts owed by group undertakings.

Financial liabilities measured at fair value through profit and loss comprise of forward currency contracts.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals, amounts owed to related parties and amounts owed to group undertakings.

The amount recognised in the statement of income and retained earnings in respect of the financial liability measured at fair value through profit and loss in £745,000 (2020 - £nil).

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021 (continued)

18 Share capital

	2021 £'000	2020 £'000
<i>Allotted, called up and fully paid</i>		
1,500,000 Ordinary shares of £1 each	1,500	1,500

The ordinary shares have attached to them full voting, dividend and capital distribution rights (including on winding up).

19 Commitments

Commitments under operating leases

The Company had total commitments under non-cancellable operating leases as set out below:

	Land and buildings 2021 £'000	Other 2021 £'000	Land and buildings 2020 £'000	Other 2020 £'000
Operating leases which expire:				
Within one year	10,106	417	11,656	915
In one to five years	25,754	433	31,357	760
After five years	7,656	-	12,271	34
	<u>43,516</u>	<u>850</u>	<u>55,284</u>	<u>1,709</u>

20 Related party transactions

The Company is controlled by Ryman Group Limited, which owns 100% of its issued share capital. The Company's ultimate controlling party is Theo Paphitis who has control of the issued share capital of Fivefathers Holdings Limited, the ultimate parent company at the year end. The Company is a wholly owned subsidiary of Ryman Group Limited and has taken advantage of the exemption conferred by FRS 102 paragraph 33.1A not to disclose transactions with Ryman Group Limited or other wholly owned subsidiaries within the group.

Related party transactions and balances

Partners Properties (UK) Ltd is jointly owned by fellow Fivefathers group companies Sevenfathers Limited and Ryman Group Limited. During the year, the Company was charged rentals of £733,000 (2020 - £875,000) from, recharged insurance costs of £15,000 (2020 - £14,000) and other costs of £3,000 (2020 - £10,000) to, and provided short term funding of £nil (2020 - £125,000) to Partners Properties (UK) Ltd. The Company repaid short-term funding of £2,250,000 (2020: £nil). The Company also received short term funding from Partners Properties (UK) Ltd of £nil (2020 - £3,750,000). The short term loans were subject to interest at 3% per annum which created net interest payable in the year of £45,000 (2020 - £101,000 receivable). At the year end the balance owed to Partners Properties (UK) Ltd was £1,026,000 (2020 - £2,525,000).

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021 (continued)

20 Related party transactions (continued)

Related party transactions and balances (continued)

During the year, the Company was charged property rental and insurance costs of £97,000 (2020 - £138,000) by M & P Properties. M & P Properties is partly owned by Theo Paphitis, a director of the Company. At the year end the balance owed to M & P Properties was £72,433 (2020 - £11,500).

During the year the Company recharged costs and charged management and support fees totalling £3,835,000 (2020 - £3,249,000) and provided additional short term loans totalling £nil (2020 - £5,235,000) to, and were recharged other costs totalling £nil (2020 - £9,000) by Boux Avenue Limited, a fellow Fivefathers group company. The short term loans were subject to interest at 3% per annum which created interest receivable in the year of £1,065,000 (2020 - £1,018,000). At the year end the balance owed by Boux Avenue Limited was £41,071,000 (2020 - £39,283,000). These amounts are guaranteed by the ultimate parent company Fivefathers Holdings Limited.

During the year the Company recharged stock, costs, management and support fees totalling £4,195,000 (2020 - £4,945,000), provided short term loans totalling £nil (2020 - £1,500,000) and were recharged stock and other costs totalling £637,000 (2020 - £1,777,000) by Robert Dyas Holdings Limited, a fellow Fivefathers group company. The short term loans were subject to interest at 3% per annum which created interest receivable in the year of £45,000 (2020 - £63,000). At the year end the balance owed from Robert Dyas Holdings Limited was £2,559,000 (2020 - £2,498,000).

During the year the Company provided goods and services totalling £7,725 (2020 - £10,484) to Fareport Training Organisation Limited a company controlled by directors and shareholders related to Theo Paphitis, a director of the Company. At the year end the balance owed from Fareport Training Organisation Limited was £35,182 (2020 - £27,457).

During the year the Company issued a net credit in respect of goods and services previously recharged totalling £20,051 (2020 - £8,389 invoiced to) to MB Partners Limited. Theo Paphitis and Ian Childs, directors of the Company, are also directors and shareholders of MB Partners Limited. At the year end the balance owed from MB Partners Limited was £9,957 (2020 - £31,813).

During the year the Company settled costs totalling £1,320 (2020 - £575) on behalf of Sevenfathers Limited, a fellow Fivefathers group company. At the year end the balance owed by Sevenfathers Limited was £38,518 (2020 - £37,198).

During the year the Company settled costs totalling £nil (2020 - £1,000) on behalf of Sixfathers Limited, a fellow Fivefathers group company. At the year end the balance owed by Sixfathers Limited was £72,123 (2020 - £72,123).

During the year the Company settled costs totalling £nil (2020 - £1,305) on behalf of Fourfathers Limited. Theo Paphitis, a director of the Company, is also a director and shareholder of Fourfathers Limited. At the year end the balance owed by Fourfathers Limited was £nil (2020 - £15,464).

During the year the Company repaid funds of £nil (2020 - £2,000,000) to Paphos Sky Limited, a company incorporated in Jersey, in which Theo Paphitis and Kypros Kyprianou are directors. An on account payment of £375,000 (2020 - £nil) in respect of accrued interest was made during the year. The funding is subject to interest at 2.5% per annum. The directors of Paphos Sky Limited agreed to waive the interest charge for twelve months from 1 May 2020, resulting in a reduced charge in the year of £12,000 (2020 - £241,781). At the year end the balance owed to Paphos Sky Limited was £8,013,000 (2020 - £8,376,000).

At the year end an amount of £150,877 (2020 - £150,877) was owed to Theo Paphitis Funding Limited, a company in which Theo Paphitis and Kypros Kyprianou are directors.

Ryman Limited

Notes forming part of the financial statements for the year ended 27 March 2021 (*continued*)

21 Ultimate parent company

The Company's ultimate parent company is Fivefathers Holdings Limited, which is the parent of both the smallest and largest groups of which the Company is a member and is included in that company's financial statements. Fivefathers Holdings Limited is registered in Cyprus and a copy of its financial statements can be obtained from its registered office at Karaiskaki 6, City House, 3032, Limassol, Cyprus.

At 27 March 2021, the Company was a wholly owned subsidiary of Ryman Group Limited, a company incorporated in England and Wales.

The directors consider Theo Paphitis to be the ultimate controlling party.