

# **MWUK Limited**

Annual report and financial statements  
Registered number 00454264  
For the 52 weeks ended 30 January 2016



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## **Directors and professional advisers**

### **Directors**

Mr S Graham  
Mr D Ewert  
Mr J Kimmins  
Mr A Rhodes  
Mr B Thorn

### **Company Secretary**

Mr A Rhodes

### **Registered office**

3 Long Acre  
Willow Farm Business Park  
Castle Donington  
Derbyshire  
DE74 2UG

### **Bankers**

The Royal Bank of Scotland  
1 Exchange Flags  
Liverpool  
L2 3XN

HSBC Bank PLC  
130 New Street  
Birmingham  
West Midlands  
B2 4JU

JP Morgan Chase Bank N.A  
25 Bank Street  
Canary Wharf  
London  
E14 5JP

### **Registered auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Birmingham  
UK

## Strategic report

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006, for the year ended 30 January 2016.

### Review of the business

The Company operates as the largest provider of corporate apparel in the United Kingdom under the Dimensions, Alexandra, Boyd Cooper and Yaffy brands. In addition the Company manages the sourcing and product development of corporate apparel garments sold in the US by its sister Company, Twin Hill. The Company sells through multiple channels including managed corporate accounts, catalogues and the internet.

The goals of MWUK Limited (MWUK) are to attain a clear understanding of a customer's brand and provide a unique corporate apparel programme that fits the look of their business; whether through a custom collection or leveraging our catalogue product lines which incorporate the latest innovations in fabric and style. The aim is to deliver ethically sourced products which are unparalleled in design, quality and value, supported by world class customer service.

The Company provides products and services to a diverse customer base, from international global brands to individual entrepreneurs. Our customers operate in a wide range of sectors including, Retail, Banking, Airlines, Travel, Distribution, Public Sector, Healthcare, Hospitality, Facilities Management, Laundries, Leisure, and Beauty.

The Directors submit the audited accounts for the period ended 30 January 2016. The profit after taxation for the year amounted to £5,774,000 compared to the £5,334,000 profit in the previous year.

### Financial Highlights

The Directors consider the following to be key performance indicators:

	<u>2015</u>	<u>2014</u>
1) Sales	£132,547,000	£131,023,000
2) Gross profit margin %	33.6 %	34.8 %
3) Other operating expenses %	28.0%	29.1%
4) Operating profit	£7,474,000	£7,399,000
5) Operating profit %	5.6 %	5.6 %
6) Operating cash flow	£8,007,000	£8,588,000
7) Number of items despatched per day	69,932	69,911

- Sales increased due to Dimensions rollout activity plus Alexandra market share growth partly offset by a reduction in public sector demand within the Yaffy brand.
- The 1.2% decrease in gross profit margin resulted from adverse currency exchange rates due to the weakening of Sterling during the year.
- Other operating expenses reduced by 1.1% due to certain intangible assets which were fully amortised in FY 2014, partly offset by wage inflation, plus planned investment in systems and people.

## **Strategic report** *(continued)*

The Company enjoyed strong operating cash generation in the year, and was thus able to make a significant partial redemption of the preference share subscription held by its parent, Ensco 648 Limited. The effect of this redemption will be to reduce ongoing finance cost by over £300,000 per annum from FY 2016 (period to 28 January 2017).

Operating profit increased to £7,474,000 (FY 2014: £7,399,000), with the operating margin remaining at 5.6% in FY 2015.

The increase in operating profit and the increase in finance costs resulted in the Company achieving a profit after tax of £5,774,000 (FY 2014: £5,334,000).

### **Future Developments**

The Directors expect an increase in sales led by continued growth in Alexandra sales for the forthcoming year. Growth in the Dimensions and Yaffy brands will also contribute, along with increasing commission receipts from Twin Hill. Operating profit is expected to increase due to higher sales and product sourcing initiatives which will offset adverse currency movements and increased warehousing, distribution and administrative costs.

Further investment in our IT infrastructure and warehouse facilities are planned for the year ahead, we expect this will both improve operating efficiencies and enhance customer experience.

The business is focused on maintaining and increasing market share throughout the UK, and also in the US, through our close relationship with Twin Hill, a fellow Tailored Brands subsidiary uniform supplier.

### **Principal Risks and Uncertainties**

The Company reviews risks and uncertainties faced on an on-going basis. Key risks and uncertainties faced by the Company along with their mitigating factors are set out below:

#### *Financial Risk Management*

The Company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Company obtains its financing through intra group loan and redeemable preference share arrangements which are at fixed rates of interest. Loans from the parent companies are repayable by the borrower within one year and are classified as current liabilities. The cumulative redeemable preference shares have no fixed repayment date.

Treasury policy is reviewed by the Board and specifies the parameters within which treasury operations must be conducted including the principles governing the management of liquidity, interest and foreign currency risk. As part of its strategy the Company uses derivative financial instruments to manage its foreign currency risk where appropriate. The Company does not use derivative financial instruments to manage interest rate costs. Derivative financial instruments are not entered into for speculative purposes.

#### *Market Risk*

The Company has a broad customer base, the Directors are therefore of the opinion that the risk from loss of business through the lack of retention of key clients is mitigated. No single client makes up a significant proportion of the Company's turnover.

#### *Credit Risk*

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit, which is regularly reassessed by the Directors.

#### *Liquidity Risk*

The Company obtains funding from its parent Company.

#### *Supply Chain Management*

The Company adopts a rigorous selection process to ensure its suppliers operate within an appropriate ethical framework, are able to deliver on time and to the required quality standards. Regular supplier audit and inspections are conducted to ensure compliance and efficiency of the supply chain is maintained.

## **Strategic report** *(continued)*

### *Business continuity*

A number of controls are in place to maintain the integrity and efficiency of the IT systems, including recovery plans which would be implemented in the event of a major failure. IT security is monitored and updated to ensure data is protected from unauthorised use and corruption. The business continuity plan for all activities and operations is reviewed and tested on a regular basis.

### *Interest Rate Cash Flow Risk*

The Company has interest bearing liabilities. Interest bearing liabilities include loans from the parent Company at fixed rates of interest and cumulative redeemable preference shares which attracts cumulative dividends.

### *Foreign Currency Risk*

Foreign currency hedges are entered into by management when considered appropriate.

## **Impact of United Kingdom referendum decision to leave the European Union.**

On 23 June 2016, the United Kingdom (the “U.K.”) held a referendum which resulted in a vote to leave the European Union (the “E.U.”), commonly referred to as “Brexit”. Negotiations are expected to commence to determine the future terms of the U.K.’s relationship with the E.U, although the actual date when the negotiations are expected to commence is as yet unknown.

The announcement of Brexit adversely impacted global markets, including currencies, and resulted in a sharp decline in the value of the British pound. Future adverse consequences arising from Brexit may include increased economic uncertainty, continued volatility in current exchange rates and uncertainty regarding potentially divergent national laws and regulations as the U.K. determines which E.U. laws to replace or replicate.

The decision for the U.K. to sever its ties with the E.U. has increased uncertainty for the Company, the risks and potential opportunities are being considered and evaluated. The Directors believe that the Company is well equipped to deal with the risks and opportunities posed by Brexit. Pre Brexit, the Company entered into forward USD hedging contracts which will mitigate the negative impact of a weaker pound in 2016. In the longer term, the Company’s strong market position and the diversity of the markets in which it operates will mitigate some of the uncertainty and the Directors and management are undergoing a detailed analysis of all operations to ensure the business is well placed to deal with the U.K.’s eventual exit from the E.U.

## **Corporate Social Responsibility**

The Company places great emphasis on Corporate Social Responsibility (CSR) and deems it to be important not only for our employees and stakeholders, but also vital for continued business success. Key initiatives that we are engaged in include:

### *Our people*

Our people are core to our values and our business. The hard work and perseverance of our workforce is reflected in the performance and the ethos that the Company holds today. The involvement of employees in the performance and direction of the business is encouraged and efforts are made to give all employees an understanding of the financial position through periodic briefings. The Directors would like to thank everyone at the Company for their contributions and continued efforts.

The Company regularly interacts with all employees through internal newsletters, frequent team gatherings and proactively encourages a strong working culture which is rewarded with annual social events and activities. The Company is committed to providing training and development for employees at all levels and is constantly reviewing and improving its procedures and provision.

The Company is an employer of equal opportunities and is determined to ensure that no applicant or employee receives less favourable treatment on the grounds of race, age, gender, disability, religion, belief, sexual orientation or marital status.

## **Strategic report (continued)**

### ***Health and safety***

The Board is aware of its responsibilities on all matters relating to health and safety of employees, customers, visitors to Company premises and others affected by the Company's activities. A Health & Safety Committee advises the senior executives on all relevant issues relating to the compliance with health and safety legislation. The Company has clearly defined health and safety policies which follow current best practices and meet or exceed legal requirements.

In particular, these policies clearly define the Company's aspirations for health and safety affairs, including protecting the health and well-being of its employees, and ensuring that the responsibilities of all categories of employees within the Company are made clear to those concerned. Health and safety matters are an agenda item at Board meetings when warranted.

The policy is brought to the attention of all employees and copies of policy documents are available upon request to all interested parties.

A clearly defined system is in place to identify, assess and control any significant risks faced by both employees and others. This is reviewed regularly by the Company's Health & Safety Manager.

The Company has adopted a computer based health and safety management system, which produces a quantified measure of line management control of health and safety. This system provides the basis for setting health and safety targets and driving a process of continuous improvement.

The Company has arrangements in place to consult employees regarding health and safety matters. There are regular meetings of site based committees which comprise employee representatives and health and safety representatives as appropriate.

### ***Supply Chain***

The Board of MWUK Limited recognise that the health, safety and welfare of all employees, external stakeholders and the wider community who may be affected by its operations is of primary importance in the successful conduct of its business.

MWUK Limited is a member of the Ethical Trading Initiative (ETI) and aspires to support its suppliers' efforts to embrace and implement the nine point code of practice, designed to create a fair and safe working environment for all employees. MWUK Limited works to ensure that the welfare of workers and labour conditions within its supply chain meet or exceed recognised standards and it constantly strives to improve working conditions and human rights in an environmentally friendly working place.

The Company commits to clear objectives to minimise risk in the supply chain by having a constructive audit programme which includes an investigative approach to risk management. From 2014 we have embraced a SMETA (Sedex Members Ethical Trading Audit) 4 Pillar audit which includes an extensive review of environmental, management and business practices and also a Workplace Conditions Assessment audit. These audits comply with the ETI base code which is formed from fundamental International Labour Organisation standards and country laws. This allows us to be more effective in supporting our suppliers to become ethical leaders in the manufacture of garments.

Our commitment to compliance and training programmes goes above and beyond the realms of ethical audits; we strive to better the lives of our working partners. We have collaborated with Labor Voices to monitor the working conditions within our factories. This provides the workers with direct confidential communication to a help line through their mobile phones.

We are also working with Business for Social Responsibility (a non-profit organisation) on the HERproject, which is the leading collaborative effort to empower low-income women at work. These women tend to have low educational levels, live away from their families in rented premises and are mainly migrants from rural areas. Through the HERproject we can help to change the lives of women who work in our supply base by educating them on the importance of their health and finances.

## **Strategic report** *(continued)*

We actively promote the understanding of our commitment to ethical compliance by holding regular meetings and structured training programmes for all our staff. We have trained our buying, forecasting and account management teams in collaboration with the ETI on buying ethically.

Our robust audit and training programme has enhanced transparency in our supply chain and recognises our responsibility to promote the lives of workers who manufacture garments for MWUK Limited. From our scored audits, we have developed KPI reports and measure our suppliers' success against country laws and the ETI base code. It has been encouraging to see improvements in our supplier audits and we will continue to drive this further forward.

### **Charitable donations**

During the year the Company donated £8,549 (2014: £5,916) mainly to Cancer Research UK and the Bangladesh Slum Schools Charity.

### **Compliance**

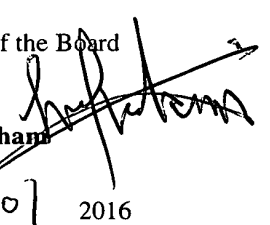
#### *International Organisation for Standardisation (ISO)*

The Company is certified to ISO 9001, 14001 and 27001. Our commitment to these International Standards compliments our range of high quality products, service delivery, environmental responsibility and a dedication to Information Security. We continue to reassure our global stakeholders with the progressive business nature of the Company, which drives continuous development to meet the changing needs of the industry.

### **American Partners**

MWUK Limited continues to work with Twin Hill, a growing and reputable corporate apparel brand in North America within the Tailored Brands family. The Company assists Twin Hill in its product development and sourcing and MWUK Limited also provides governance, support and guidance to the Twin Hill business.

By order of the Board

  
**Mr S Graham**  
Director

20/10/2016



## **Directors' report**

The Directors present their annual report and audited financial statements for the 52 weeks ended 30 January 2016 (FY 2015). The previous financial period comprised of 52 weeks and ended on 31 January 2015 (FY 2014).

The Company has taken advantage of s390 of the Companies Act 2006 to prepare financial statements within 7 days of the Company's financial year end date, being 31 January.

### **Principal Activity**

The principal activity of MWUK Limited (the "Company") continues to be the design, sourcing, distribution and management of corporate apparel to public and private sector customers throughout the United Kingdom, Europe and the rest of the world.

### **Directors**

The Directors of the Company, who served during the period and to the date of this report, are:

Mr S Graham  
Ms D Wilson (resigned 27/03/2016)  
Mr D Edwab (resigned 27/03/2016)  
Mr D Ewert  
Mr M Conlon (resigned 27/03/2016)  
Mr J Kimmins  
Mr A Rhodes (appointed 27/03/2016)  
Mr B Thom (appointed 27/03/2016)

The Directors have not paid an ordinary dividend during the period (FY 2014: £ nil).

### **Going concern**

The Company is the largest UK provider of clothing for people at work with the number of garments supplied in the period at over 17 million, with almost 5 million people a day wearing our products. Our industry leading service offering, combined with the strength of our procurement, has led to new business being captured, while retaining the vast majority of our existing major customers. In addition, the Company has an increasing presence in Europe through exports and operations in France and the Netherlands and is the sole agent for product development and sourcing of products for Twin Hill in the US. All of which are positive indications of the future of the business.

UK Company law requires directors to consider whether it is appropriate to prepare the financial statements on the basis that the Company is a going concern.

The Directors have reviewed the forecasts of the Group, comprising MWUK Holding Company Limited and its subsidiaries. The forecasts, along with reasonable downside scenarios, have been used to determine whether the committed facilities are sufficient to support the Group's and Company's projected liquidity requirements and whether the forecast earnings are sufficient to meet the liabilities of the Group and Company as they fall due.

As a further consideration of the sustainability of the Company, the Directors have also reviewed how the Company is funded. The Company is unburdened by any external debt and is fully funded and supported by its US parent.

As a result of these reviews, and having considered a period greater than 12 months from the date of this report, the Directors are of the opinion that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Therefore, the Company has adopted the going concern basis in preparing the financial statements.

## **Directors' report (continued)**

### **Directors' responsibilities statement**

The Directors are responsible for preparing the annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

### **Directors' indemnities**

The group maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors.

### **Auditor**

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed its willingness to continue in office and will be deemed to be re-appointed under Section 487 of the Companies Act 2006.

By order of the Board

**Mr S Graham**  
Director

20110 ( 2016

## **Independent Auditor's Report to the Members of MWUK Limited**

We have audited the financial statements of MWUK Limited for the 52 weeks ended 30 January 2016, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

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

### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 January 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union (EU); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

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



Peter Gallimore FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Birmingham, United Kingdom 21 October 2016

## **Income statement**

**For the 52 weeks ended 30 January 2016**

	Note	52 weeks ended 30 January 2016 Total £000	52 weeks ended 31 January 2015 Total £000
<b>Revenue</b>	2	132,547	131,023
Cost of sales		(87,981)	(85,441)
<b>Gross Profit</b>		44,566	45,582
Other operating expenses			
- Warehousing and distribution costs		(7,945)	(7,875)
- Administrative expenses		(29,147)	(30,308)
<b>Operating profit</b>	3	7,474	7,399
Finance cost and similar charges	6	(1,089)	(1,038)
<b>Profit before taxation</b>		6,385	6,361
Taxation	7	(611)	(1,027)
<b>Profit for the period</b>		5,774	5,334

All results are derived from continuing operations.

## **Statement of comprehensive income**

**For the 52 weeks ended 30 January 2016**

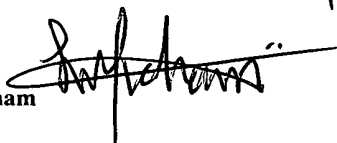
	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Profit for the period	5,774	5,334
Total comprehensive income for the period	5,774	5,334

**Balance sheet**  
**As at 30 January 2016**

	Note	30 January 2016 £000	31 January 2015 £000
<b>Non-current assets</b>			
Investment in subsidiary undertakings	9	23	23
Intangible assets	10	32,025	31,781
Property, plant and equipment	11	7,014	6,717
Deferred tax assets	17	-	5
		<hr/> 39,062	<hr/> 38,526
<b>Current assets</b>			
Inventories	12	51,600	52,267
Trade and other receivables	13	23,752	24,706
Cash and cash equivalents	16	11,980	15,337
Current tax receivable		598	-
Deferred tax assets	17	66	153
		<hr/> 87,996	<hr/> 92,463
<b>Total assets</b>		<hr/> 127,058	<hr/> 130,989
<b>Current liabilities</b>			
Trade payables		(13,714)	(14,063)
Current tax payable		-	(247)
Other payables	14	(11,710)	(12,813)
Borrowings	15	(7,055)	(6,517)
		<hr/> (32,479)	<hr/> (33,640)
<b>Net current assets</b>		55,517	58,823
<b>Total assets less current liabilities</b>		<hr/> 94,579	<hr/> 97,349
<b>Non-current liabilities</b>			
Other payables	14	(105)	(153)
Deferred tax liabilities	17	(53)	-
Borrowings	15	(7,261)	(15,810)
		<hr/> (7,419)	<hr/> (15,963)
<b>Total liabilities</b>		<hr/> (39,898)	<hr/> (49,603)
<b>Net assets</b>		<hr/> 87,160	<hr/> 81,386
<b>Equity</b>			
Called-up share capital	19	71,223	71,223
Retained earnings		15,937	10,163
<b>Total equity</b>		<hr/> 87,160	<hr/> 81,386

The financial statements of MWUK Limited, (Company Registration number 00454264), were approved and authorised for issue by the Board of Directors on 20/10/ 2016 and signed on its behalf by:

Mr S Graham  
Director



**Statement of changes in equity**  
**For the 52 weeks ended 30 January 2016**

	<b>Share capital £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
<b>At 1 February 2014</b>	71,223	4,829	76,052
Total comprehensive income	-	5,334	5,334
	<hr/>	<hr/>	<hr/>
<b>At 31 January 2015</b>	71,223	10,163	81,386
Total comprehensive income	-	5,774	5,774
	<hr/>	<hr/>	<hr/>
<b>At 30 January 2016</b>	<u>71,223</u>	<u>15,937</u>	<u>87,160</u>

**Cash flow statement**  
**For the 52 weeks ended 30 January 2016**

	<b>52 weeks ended 30 January 2016 £000</b>	<b>52 weeks ended 31 January 2015 £000</b>
<b>Cash flows from operating activities</b>		
Operating profit	7,474	7,399
Adjustments for:		
Depreciation and amortisation	1,722	3,029
Decrease / (Increase) in inventories	667	(4,169)
Decrease in trade and other receivables	1,550	3,545
Increase in trade and other payables	(2,106)	(48)
Other non-cash movements	-	(293)
Cash generated from operations	9,307	9,463
Taxation paid	(1,300)	(875)
<b>Net cash flows generated from operating activities</b>	<b>8,007</b>	<b>8,588</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,290)	(1,015)
Acquisition of intangible assets	(974)	(1,116)
<b>Net cash used in investing activities</b>	<b>(2,264)</b>	<b>(2,131)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(9,100)	-
<b>Net cash used in financing activities</b>	<b>(9,100)</b>	<b>-</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(3,357)</b>	<b>6,457</b>
Cash and cash equivalents at beginning of period	15,337	8,880
<b>Cash and cash equivalents at end of period</b>	<b>11,980</b>	<b>15,337</b>

## **Notes to the financial statements**

### **1 Accounting policies**

MWUK Limited (the "Company") is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report.

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

The principal accounting policies applied in the preparation of this financial report are set out below. These policies have been consistently applied to the information presented, unless otherwise stated.

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments which are stated at their fair value. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union (EU).

As the Company is a subsidiary undertaking of another Company which publishes consolidated financial statements, it is exempt from providing a consolidation of this Company's financial statements with those of its subsidiary undertakings, as stated in Section 400 of the Companies Act 2006.

#### ***Going concern***

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company, comprising MWUK Holding Company Limited and its subsidiaries (the "Group"), have adequate resources to continue in operational existence for the foreseeable future. Therefore the Company has adopted the going concern basis in preparing the financial statements. Further detail is contained in the Directors report on page 7.

#### ***Adoption of new and revised standards***

At the date of approval of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

IFRS 9 "Financial Instruments" which is likely to affect the measurement and disclosure of financial instruments. This standard has not yet been adopted by the EU.

IFRS 15 "Revenue from Contracts with Customers" is likely to affect the measurement and disclosure of revenue recognition. The EU has adopted this standard from 1 January 2018.

The Company is currently in the process of evaluating the impact of the adoption new or revised standards, including IFRS 15, on the consolidated financial statements. The impact of IFRS 15 on the consolidated financial statements is currently being analysed. It is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

#### ***Investments***

Investments in subsidiaries are carried at cost less impairment.

#### ***Cash and cash equivalents***

Cash and cash equivalents in the Balance Sheet consist of cash at bank and in hand.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts where a right of set-off exists.

#### ***Derivative financial instruments and hedging***

##### ***Derivative financial instruments***

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.



## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### *Foreign currency translation*

The financial statements are presented in sterling, which is the Company's functional and presentational currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. 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 the Income Statement.

#### *Intangible assets*

##### *Goodwill*

For acquisitions since 28 December 2003, goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. For acquisitions prior to this date, goodwill is included at the amount recorded previously under UK Generally Accepted Accounting Practice (UK GAAP). Goodwill on acquisitions of subsidiaries is included in non-current assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Negative goodwill arising on an acquisition is recognised immediately in the Income Statement.

##### *Impairment test for goodwill*

Goodwill is allocated to Cash Generating Units (CGU). The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections from the business units to which the goodwill relates, based on financial budgets approved by management. Cash flows beyond the budgeted period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rate for the markets in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

- Growth rate: 2.5% per annum
- 13.5% discount rate used within the recoverable amount calculation. Discount rate used is pre-tax and reflects the weighted average cost of capital and specific risks for the Company
- There are no material adverse changes in legislation
- The forecast is for 9 years with an adjustment for terminal value

##### *Other Intangible assets*

Intangible assets comprise of brands and customer contracts and relationships, recognised at cost or fair value. They have a finite useful life and are carried at cost less accumulated amortisation and less accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives which is 20 years.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### *Capitalised software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and are included on the Balance Sheet within intangible assets. Costs are amortised over their estimated useful lives (4 years).

Costs associated with the general development and maintenance of computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of employees involved in software development and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 10 years).

Amortisation of capitalised software is classified in administrative expenses within the Income Statement.

#### *Revenue recognition*

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Sales of goods are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer (which is predominantly on delivery), the amount of revenue can be measured reliably and it is probable that the economic benefits of the transaction will flow to the Company.

#### *Taxation*

The Company is considered to be tax domiciled in the United Kingdom for Corporation Tax purposes.

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised as equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities and any adjustment to tax payable in respect of previous years. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Balance Sheet date.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Balance Sheet date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer possible that the related tax benefit will be realised.

#### *Employee benefits - Defined contribution pension scheme*

The Company operates a defined contribution money purchase scheme on behalf of eligible employees. The Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## Notes to the financial statements (continued)

### 1 Accounting policies (*continued*)

#### *Property, plant and equipment*

Property, plant and equipment is stated at cost, less depreciation and impairment, which is calculated to write off these assets, by equal annual amounts, over their estimated useful lives. The estimated life of plant and fixtures is two to fifteen years and of vehicles four to five years. Improvements to short leasehold properties are amortised over the shorter of the terms of the leases, and their useful life. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each Balance Sheet date.

Freehold and long leasehold buildings are depreciated over their estimated remaining useful life not exceeding 50 years commencing on 26 December 1999 or, if later, date of purchase. The Company has not adopted a policy of revaluation but the carrying amounts of freehold and long leasehold properties reflect previous valuations. In the event of impairment in property value the deficit below cost is charged to the Income Statement.

The fitting out costs of new freehold or long leasehold industrial buildings are depreciated, in equal annual instalments, over their expected useful lives which range from ten to twenty five years from the date on which the assets are fully commissioned.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the Income Statement during the financial period in which they are incurred.

Tangible fixed assets bought through acquisition of other businesses are accounted for as if they had been owned by the Company since new.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within the Income Statement.

#### *Leased assets*

Rentals payable in respect of operating leases are charged to the Income Statement on a straight line basis over the lease term.

Where assets are financed by leasing or hire purchase arrangements which give rights approximating to ownership, the assets are treated as if they had been purchased outright and are capitalised at their fair value at the date of inception of the lease. The capital element of outstanding lease or hire purchase commitments is treated as a liability and disclosed as obligations under finance agreements.

Interest is allocated to the profit and loss account over the period of the lease or hire purchase agreement and represents a constant proportion of the outstanding commitment.

#### *Inventories*

Inventories of materials, stores and goods for resale are valued at the lower of cost and net realisable value. Cost is stated on a first in, first out basis and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for obsolete, defective and slow moving stock.

#### *Dividend distribution*

Under IAS 10 (Events after the Balance Sheet Date) dividends to holders of equity instruments declared after the Balance Sheet date are not recognised as a liability as at the Balance Sheet date. Dividend distribution to the Company's shareholders is recognised in the financial statements in the period in which the dividends are declared to the Company's shareholders. Interim dividends are recognised when paid.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### *Finance income and expense*

Finance expenses comprise interest payable and the amortisation of the deferred cost of raising finance. Finance income comprises interest receivable on funds invested. Interest income and interest payable is recognised in the Income Statement as it accrues, using the effective interest method.

#### *Classification of financial instruments issued by the Company*

##### *Share Capital*

Ordinary shares are classified as equity.

##### *Cumulative Redeemable Preference Shares*

Cumulative redeemable preference shares are classified as a financial liability as the Company has a contractual right to deliver dividends and the holder does not have any residual interest in the net assets of the Company.

##### *Non-Derivative Financial Instruments*

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

##### *Trade and Other Receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

##### *Trade and Other Payables*

Trade and other payables are not interest bearing and are stated at their fair value.

##### *Interest Bearing Borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Non-recurring items*

Items that are material in size and non-operating or non-recurring in nature are presented as non-recurring items in the Income Statement. The Directors are of the opinion that, were any to occur, the separate recording of non-recurring items provides helpful information about the Company's underlying business performance. Events which may give rise to the classification of items as non-recurring include restructuring of businesses and gains or losses on the disposal of properties.

#### *Impairment*

The carrying amounts of the Company's assets, other than inventories and deferred tax assets, are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill and assets that have an indefinite useful life, the recoverable amount is estimated at each Balance Sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of other assets in the unit (group of units) on a pro rata basis. Impairment losses are recognised in the Income Statement.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### *Impairment (continued)*

An impairment loss in respect of goodwill is not reversible. Other impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. In calculating recoverable amounts, receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### *Critical accounting estimates and judgements*

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 assets and liabilities within the next financial period are discussed below:

- (a) **Estimated impairment of goodwill**  
The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy on impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.
- (b) **Income taxes**  
The Company is subject to income taxes. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.  
  
The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.
- (c) **Useful economic lives of property, plant and equipment**  
In relation to the Company's property, plant and equipment (note 11), useful economic lives and residual value of assets have been established using historical experience and an assessment of the nature of the assets involved.
- (d) **Estimated impairment of intangibles**  
Impairment tests have been undertaken with respect of intangible assets (note 10) using commercial judgement and a number of assumptions and estimates have been made to support their carrying amounts.
- (e) **Provisions against debtors**  
A number of accounting estimates and judgements are incorporated within the impairment provisions for trade receivables (note 13).
- (f) **Provisions against inventories**  
A number of accounting estimates and judgements are incorporated within the impairment provisions for inventories (note 12).
- (g) **Impairment of investments**  
The carrying amounts of the Company's investments are reviewed for impairment using commercial judgement and a number of assumptions and estimates have been made to support their carrying amounts.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued) Critical accounting estimates and judgements (continued)

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 2 Segmental analysis

The Company had only one class of business, being the provision of clothing to people at work. Therefore the disclosures for this business segment have already been given in these financial statements. The Company's operations are located in the United Kingdom.

The following table provides an analysis of the Company's revenue by operating segment:

	<b>52 weeks ended 30 January 2016 £000</b>	<b>52 weeks ended 31 January 2015 £000</b>
Sale of goods	127,707	126,530
Rendering of services	4,028	3,397
Intercompany	812	1,096
	<u>132,547</u>	<u>131,023</u>

The following table provides an analysis of the Company's revenue by geographical market, irrespective of the origin of the goods and service:

	<b>52 weeks ended 30 January 2016 £000</b>	<b>52 weeks ended 31 January 2015 £000</b>
United Kingdom and Ireland	125,808	122,848
Other European	5,361	6,047
Other Worldwide	1,378	2,128
	<u>132,547</u>	<u>131,023</u>

## Notes to the financial statements (continued)

### 3 Operating profit

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Operating profit is stated after charging / (crediting):		
Depreciation of tangible fixed assets		
- Owned property, plant and equipment	992	1,087
Amortisation of intangible assets, excluding capitalised software	15	1,384
Amortisation of capitalised software	715	558
Net foreign exchange (gains) / losses	112	609
Operating lease payments		
- Land and buildings	1,643	1,642
- Plant and equipment	714	676
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	62	60
Fees payable to the Company's auditor for tax services	46	28
Cost of inventories recognised as an expense	87,937	85,732

In addition to the above £52,000 (FY 2014: £52,000) was payable to Deloitte LLP by Tailored Brands for audit related assurance services.

### 4 Employee benefit expense

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
<i>Staff costs during the period were as follows:</i>		
Wages and salaries	17,629	16,720
Social security costs	1,782	1,635
Pension costs - defined contribution plans (see note 18)	490	456
Total	19,901	18,811

The average number of persons (full and part time) employed by the Company (including executive directors receiving remuneration) during the period was:

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Distribution	190	169
Administration and selling	464	452
Total	654	621

## Notes to the financial statements (continued)

### 5 Directors' emoluments

The aggregate emoluments of Directors are as follows:

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Wages and salaries (excluding employers' pension contributions but including bonuses earned and benefits in kind)	430	446
Other benefits including pension contributions	-	-
Total	<u>430</u>	<u>446</u>

At 30 January 2016 no Directors (31 January 2015: none) are a member of a defined contribution money purchase scheme.

Remuneration of the highest paid director includes emoluments of £430,000 (FY 2014: £446,000), and Company pension contributions of £nil (FY 2014: £nil).

### 6 Finance cost and similar charges

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Interest payable on loan from immediate parent Company – Ensco 645 Limited	538	484
Interest on redeemable cumulative preference shares classified as financial liabilities	551	554
Net finance costs	<u>1,089</u>	<u>1,038</u>

### 7 Taxation

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
<i>Current tax expense:</i>		
UK corporation tax charge for the period at 20.2% (FY 2014: 21.3%)	768	1,612
Adjustment in relation to previous periods	(302)	107
Group relief for no consideration	-	(408)
Current tax charge for the period	<u>466</u>	<u>1,311</u>
<i>Deferred tax expense:</i>		
Origination and reversal of temporary differences	3	(220)
Adjustment in relation to change in future corporation tax rates	-	1
Adjustment in relation to previous periods	142	(65)
Deferred tax charge/(credit) for the period (note 17)	<u>145</u>	<u>(284)</u>
Total charge for taxation included in the income statement	<u>611</u>	<u>1,027</u>



## Notes to the financial statements (continued)

### 7 Taxation (continued)

Reconciliation of the total tax charge to the profit per the income statement is as follows:

	52 weeks ended 30 January 2016 £000	52 weeks ended 31 January 2015 £000
Profit before taxation per the income statement	6,385	6,361
Profit before taxation multiplied by standard rate of corporation tax in the UK of 20.2% (FY 2014: 21.3%)	1,287	1,355
<i>Factors affecting charge for the period:</i>		
Tax effect of expenses not deductible for tax purposes	122	43
Tax effect of deferred expenses fixed assets	-	(6)
Current tax – adjustments to tax in respect of prior periods	(302)	42
Deferred tax – adjustments to tax in respect of prior periods	142	-
Group relief received for no consideration	(632)	(408)
Adjustment for effect on deferred tax of change in rate of corporation tax	(6)	1
Tax charge for the period	611	1,027

The headline rate of UK corporation tax reduced from 21% to 20% on 1 April 2015, and will reduce further to 19% from 1 April 2017 and reduce further to 18% on 1 April 2020.

Under IAS 12 deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Accordingly, as the future reduction of the corporation tax rate to 18% was enacted on 26 October 2015, the deferred tax balances at 31 December 2015 have been reflected at the tax rates they are expected to be realised or settled.

During 2016, a further reduction of the headline rate to 17% from 1 April 2020 was announced during the Budget. However, this has not yet been substantively enacted, and therefore the deferred tax balances have been recorded at the enacted rates. If the deferred tax balances had been recorded at 17%, this would have given rise to a further £16,000 charge to the income statement.

### 8 Dividends

The Directors do not propose the payment of any ordinary dividend (FY 2014: nil).

### 9 Investment in subsidiary undertakings

The Company's subsidiaries are Alexandra Vetements Professionnel SARL which is incorporated in France and Alexandra Corporate Fashion BV which is incorporated in the Netherlands, with 100% of the share capital owned by the Company are as follows:

	30 January 2016 £000	31 January 2015 £000
Alexandra Corporate Fashion BV	15	15
Alexandra Vetements Professionnel SARL	8	8
	23	23

## Notes to the financial statements (continued)

### 10 Intangible assets

	Goodwill £000	Capitalised software £000	Other intangible assets £000	Total £000
<i>Cost:</i>				
At 1 February 2014	29,152	3,575	25,889	58,616
Additions	-	1,089	-	1,089
Disposals	-	(392)	-	(392)
At 31 January 2015	29,152	4,272	25,889	59,313
Additions	-	974	-	974
Disposals	-	(411)	-	(411)
At 30 January 2016	29,152	4,835	25,889	59,876
<i>Accumulated amortisation:</i>				
At 1 February 2014	-	2,292	23,690	25,982
Charged during the period	-	558	1,384	1,942
Disposals	-	(392)	-	(392)
At 31 January 2015	-	2,458	25,074	27,532
Charged during the period	-	715	15	730
Disposals	-	(411)	-	(411)
At 30 January 2016	-	2,762	25,089	27,851
<i>Carrying amount:</i>				
At 1 February 2014	29,152	1,283	2,199	32,634
At 31 January 2015	29,152	1,814	815	31,781
At 30 January 2016	29,152	2,073	800	32,025

Other intangible assets comprise brands and customer contracts and relationships, recognised at cost or fair value, and were acquired on business combinations. Fair value is calculated based upon historical and prospective information and financial data specific to each business combination, with an appropriate discount factor applied based upon the weighted average cost of capital for the Group.

The residual goodwill relates to the assembled and trained workforce.

All of the goodwill and intangible assets relate to one CGU (Cash Generating Unit), being MWUK Limited.

Other intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation of other intangible assets is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives (4 - 20 years).

Amortisation of capitalised software is included within administration expenses in the Income Statement in determining operating profit.

## Notes to the financial statements (continued)

### 11 Property, plant and equipment

	Short leasehold £000	Plant and equipment £000	Total £000
<i>Cost or valuation:</i>			
At 1 February 2014	4,540	6,822	11,362
Additions	734	308	1,042
Disposals	(6)	(323)	(329)
	<hr/>	<hr/>	<hr/>
At 31 January 2015	5,268	6,807	12,075
Additions	833	457	1,290
Disposals	(3)	(333)	(336)
	<hr/>	<hr/>	<hr/>
At 30 January 2016	6,098	6,931	13,029
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation and impairment:</i>			
At 1 February 2014	1,456	3,144	4,600
Charged during the period	392	690	1,082
Disposals	(6)	(318)	(324)
	<hr/>	<hr/>	<hr/>
At 31 January 2015	1,842	3,516	5,358
Charged during the period	451	541	992
Disposals	(2)	(333)	(335)
	<hr/>	<hr/>	<hr/>
At 30 January 2016	2,291	3,724	6,015
	<hr/>	<hr/>	<hr/>
<i>Net book value:</i>			
At 1 February 2014	3,084	3,678	6,762
	<hr/>	<hr/>	<hr/>
At 31 January 2015	3,426	3,291	6,717
	<hr/>	<hr/>	<hr/>
At 30 January 2016	3,807	3,207	7,014
	<hr/>	<hr/>	<hr/>

### 12 Inventories

	30 January 2016 £000	31 January 2015 £000
Goods for resale	40,547	41,768
Work in progress	2,377	1,722
Raw materials	8,676	8,777
	<hr/>	<hr/>
	51,600	52,267
	<hr/>	<hr/>

Inventories are presented in the Balance Sheet net of provision for impairment of obsolete and slow moving items. Impairment is estimated by the Company's management based upon prior experience and their assessment of the current and future economic environment. Any write down of inventories is included in cost of sales.

During the period £185,000 (FY 2014: £368,000) was recognised as an impairment expense in the Income Statement.

## Notes to the financial statements (continued)

### 13 Trade and other receivables

	<b>30 January 2016 £000</b>	<b>31 January 2015 £000</b>
<i>Amounts falling due within one year:</i>		
Amount receivable for the sale of goods	20,308	22,304
Less: Provision for impairment	(391)	(245)
Net amount receivable for the sale of goods	19,917	22,059
Prepayments	1,473	880
Amounts owed by subsidiary undertakings	2,362	1,660
Amounts owed by fellow subsidiaries	-	107
	<u>23,752</u>	<u>24,706</u>

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the Balance Sheet date if the effect is material. The Directors consider that the carrying amount of trade and other receivables approximate their fair value.

#### **Credit Risk**

Credit risk is the financial loss arising from the possibility that the counter-party to a financial instrument may be unable or unwilling to meet their contractual obligations causing a financial loss to the Company. The key risk to the Company is on trade receivables when customers do not meet their obligations. Management has a credit policy in place and exposure to risk is monitored on an ongoing basis.

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the Balance Sheet date was the total financial assets shown above.

The ageing of trade receivables at the Balance Sheet date was:

	<b>30 January 2016 £000</b>	<b>31 January 2015 £000</b>
<i>Trade receivables:</i>		
- Not past due	15,076	16,984
- 3 months past due	5,267	5,318
- 6 months past due	(35)	2
- Provision	(391)	(245)
	<u>19,917</u>	<u>22,059</u>

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

	<b>30 January 2016 £000</b>	<b>31 January 2015 £000</b>
Balance at beginning of the period	(245)	(499)
(Increase) / decrease during the period	(198)	120
Utilised during the period	52	134
Balance at end of the period	<u>(391)</u>	<u>(245)</u>

Provisions for impairment of receivables are estimated by Company management based on prior experience and their assessment of the current economic environment. When the Company is satisfied that no recovery of the amount owing is possible the accounts are considered irrecoverable and are written off against the receivable directly and recognised in the Income Statement when the receivable is considered to be uncollectable. Trade receivables which are less than 3 months past due are not considered impaired.

## Notes to the financial statements (continued)

### 13 Trade and other receivables (continued)

The Directors consider the credit quality of the assets neither past due or impaired to be good as the Company has long standing relationships with the customers in the main, who are mainly large, well established organisations.

During the period, the Company recognised a bad debt provision expense of £115,000 (FY 2014: release of £120,000). The provision was further increased by £83,000 due to an accruals reclassification. Concentrations of credit risk with respect to trade receivables are limited due to the Company's customer base being large and unrelated. Due to this, management believe that there is no further credit risk provision required in excess of the normal provision for doubtful receivables.

### 14 Other payables

	<b>30 January 2016 £000</b>	<b>31 January 2015 £000</b>
<i>Amounts falling due within one year:</i>		
Other taxation and social security	1,906	2,054
Other creditors and accruals	8,597	9,893
Amounts owed to MWUK Holding Company Limited, the parent Company	9	9
Amounts owed to The Men's Wearhouse, Inc., a fellow subsidiary	851	857
Amounts owed to Twin Hill, a fellow subsidiary	347	-
	<hr/> 11,710 <hr/>	<hr/> 12,813 <hr/>
	<b>30 January 2016 £000</b>	<b>31 January 2015 £000</b>
<i>Amounts falling after one year:</i>		
Accruals	105	153
	<hr/>	<hr/>

The total carrying amount of financial liabilities, comprising of trade payables and other creditors and accruals, is £22,311,000 (31 January 2015: £23,956,000). The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the Balance Sheet date if the effect is material.

The Directors consider that the carrying value of these financial liabilities approximates to their fair value.

Trade creditors and accruals principally comprise of amounts outstanding for trade purposes and ongoing costs. The average credit period taken for trade purchases is 39 days (FY 2014: 45 days). Trade payables are not interest bearing and are generally settled within terms. Accruals are non-interest bearing.

## Notes to the financial statements (continued)

### 15 Interest bearing loans and borrowings

	30 January 2016 £000	31 January 2015 £000
<i>Current interest bearing loans and borrowings represent:</i>		
Amounts owed to immediate parent Company – Ensco 645 Limited	7,055	6,517
Cumulative preference shares – principal amount – Ensco 648 Limited	6,152	13,865
Interest payable on the cumulative preference shares – Ensco 648 Limited	1,109	1,945
	<hr/>	<hr/>
Total current interest bearing loans and borrowings	14,316	22,327
	<hr/>	<hr/>
Amount due for settlement within one year	7,055	6,517
	<hr/>	<hr/>
Amount due for settlement after one year	7,261	15,810
	<hr/>	<hr/>

The amounts owed to Ensco 645 Limited, the immediate parent Company, bear interest at 8% per annum. The loan was due for repayment on 20 January 2015, and was extended initially to 18 January 2016 and subsequently to 15 January 2017.

Redeemable cumulative preference shares of £21,636,409 were issued on 1 August 2011 to Ensco 648 Limited, a parent Company. The preference shares are cumulative redeemable preference shares of £1 each with an entitlement to receive a cumulative dividend of 4% per annum payable on redemption. They have no right to vote or participate in distribution. They have no fixed repayment date. On 18 December 2013 MWUK Limited made a partial redemption of the preference shares which consisted of the redeeming of 7,771,145 shares at par. Furthermore, on 27 January 2016 MWUK Limited made a partial redemption of the preference shares which consisted of the redeeming of 7,712,519 shares at par. Included in the redemption was a portion of the accrued dividend of £1,386,985.

These cumulative redeemable preference shares are classified as a financial liability as the Company has a contractual right to deliver dividends and the holder does not have any residual interest in the net assets of the Company. The balance includes accrued interest of £1,109,000 at 30 January 2016 (31 January 2015: £1,945,000).

Fair value, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the Balance Sheet date.

The Directors consider that the fair value of the Company's borrowings approximates to the same as their carrying values.

### 16 Cash and cash equivalents

	30 January 2016 £000	31 January 2015 £000
Cash and cash equivalents	11,980	15,337
	<hr/>	<hr/>

Cash and cash equivalents comprise cash held by the Company. The fair value of cash and cash equivalents is estimated as its carrying amount as the cash is repayable on demand.

## Notes to the financial statements (continued)

### 17 Deferred taxation

Deferred tax is calculated in full on temporary differences under the Balance Sheet liability method using a tax rate of 20.2% (31 January 2015: 18.3%) being the substantively enacted rate at the Balance Sheet date.

	Deferred tax assets		Deferred tax liabilities	
	30 January 2016 £000	31 January 2015 £000	30 January 2016 £000	31 January 2015 £000
<i>Recognised deferred tax balances in respect of:</i>				
Accelerated capital allowances	-	5	(53)	-
Other	66	153	-	-
	<u>66</u>	<u>158</u>	<u>(53)</u>	<u>-</u>

	Deferred taxes		Deferred taxes	
	30 January 2016 £000	30 January 2016 £000	31 January 2015 £000	31 January 2015 £000
	Current	Non current	Current	Non current
<i>Recognised deferred tax balances in respect of:</i>				
Accelerated capital allowances	-	(53)	-	5
Other	66	-	153	-
	<u>66</u>	<u>(53)</u>	<u>153</u>	<u>5</u>

The following provides a reconciliation of the movement in each of the major deferred tax assets and liabilities:

	Accelerated capital allowances £000	Other £000	Total £000
At 31 January 2015	5	153	158
Credit to income	(58)	(87)	(145)
	<u>(53)</u>	<u>66</u>	<u>13</u>
At 30 January 2016	(53)	66	13

The Company has recognised deferred tax assets of £13,000 (31 January 2015: £158,000) as the Directors believe it is probable that future taxable profits will be available against which the liabilities can be utilised as they reverse over the coming years.

## Notes to the financial statements (continued)

### 18 Retirement benefits

#### *Defined contribution scheme*

The Company operates a defined contribution money purchase scheme on behalf of eligible employees of the Company. The cost to the Company of contributions to this scheme during the period was £490,000 (FY 2014: £456,000).

	30 January 2016 £000	31 January 2015 £000
<i>Amounts outstanding at period end:</i>		
Defined contribution pension scheme	61	65

### 19 Called-up share capital

	30 January 2016 £000	31 January 2015 £000
<i>Issued and fully paid:</i>		
71,222,081 Ordinary shares of £1 each	71,222	71,222
1,000 A Ordinary shares of £1 each	1	1
	<u>71,223</u>	<u>71,223</u>

The Company has authorised, issued and fully paid 6,152,745 redeemable cumulative preference shares of £1 each classified as liabilities (note 15). They have no right to vote or participate in distribution.

The Ordinary and A Ordinary shares rank *pari passu* in respect of voting rights and dividends, however the A Ordinary shares have superior rights in relation to a distribution on a winding up.

### 20 Financial commitments

#### *Revenue expenditure*

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Property		Plant and machinery	
Expiry Date:	30 January 2016 £000	31 January 2015 £000	30 January 2016 £000	31 January 2015 £000
- within one year	1,642	1,642	649	682
- between two and five years	6,508	6,508	442	789
- in five years or more	5,029	6,657	-	-
	<u>13,179</u>	<u>14,807</u>	<u>1,091</u>	<u>1,471</u>



## Notes to the financial statements (continued)

### 21 Related party transactions

	<b>30 January 2016 £000</b>	<b>31 January 2015 £000</b>
Owed by the Company to MWUK Holding Company Limited, the parent Company	9	9
Owed by the Company to Ensco 645 Limited, its immediate parent Company	7,055	6,517
Owed by the Company to Ensco 648 Limited, a parent Company	7,261	15,810
Owed by the Company to The Men's Wearhouse, Inc., a fellow subsidiary	851	857
Owed by the Company to Twin Hill, a fellow subsidiary	347	-
Owed to the Company by Twin Hill, a fellow subsidiary	-	107
Owed to the Company by its subsidiary undertakings	2,362	1,660

At the year end, the Company owed £9,000 (31 January 2015: £9,000) to MWUK Holding Company Limited, a parent Company, which is due within one year and does not bear interest.

At year end, the Company owed £7,055,000 (31 January 2015: £6,517,000) to Ensco 645 Limited, its immediate parent Company. The loan amounts owed to its immediate parent Company are due within one year and bear interest at 8.00% per annum. The loan was due for repayment on 20 January 2015 and has been extended initially to 18 January 2016 and then subsequently to 15 January 2017. During the year, interest of £538,000 (FY 2014: £484,000) was charged on this loan to the Company by Ensco 645 Limited, this amount is included in the balance outstanding at period end.

At year end, the Company owed £7,261,000 (31 January 2015: £15,810,000) to Ensco 648 Limited, a parent Company. The amounts owed to its parent Company relates to the issue of the cumulative preference shares and the interest due on that issue and are classified as due after one year. Interest will be charged at 4% per annum. There is no fixed date for repayment. During the period, interest of £551,000 (FY 2014: £555,000) was incurred on this share issue.

At year end, the Company owed £851,000 (31 January 2015: £857,000) to The Men's Wearhouse, Inc., a fellow subsidiary, which is due within one year and does not bear interest.

At year end, the Company owed £347,000 (31 January 2015: £107,000 owed to the Company) to Twin Hill, a fellow subsidiary, which is due within one year and does not bear interest.

At year end, £2,362,000 (31 January 2015: £1,660,000) was owed to the Company by its subsidiary undertakings which is due within one year and does not bear interest.

Transactions between the Company and these subsidiaries are as follows:

	<b>30 January 2016 £000</b>	<b>31 January 2015 £000</b>
Sale of goods	2,357	2,120
Services Provided	1,153	1,617

## Notes to the financial statements (continued)

### 22 Derivative financial instruments

Details of the Company's policies in relation to derivatives and financial instruments are given in the Accounting Policies in note 1.

	30 January 2016 £000	31 January 2015 £000
Fair value (loss) / gain on foreign exchange forwards	-	(294)

The Company uses derivative financial instruments when deemed appropriate, mainly US dollar foreign exchange contracts to manage the foreign currency risk arising from the Company's overseas purchases. All gains/losses relating to the fair value changes on these contracts are recognised in the Income Statement.

At 30 January 2016, there were no open contracts. At the period end date, the total notional amount of outstanding forward exchange contracts that the Company had committed is as follows:

	30 January 2016 £000	31 January 2015 £000
Forward foreign exchange contracts – all denominated in US dollars	-	-

The fair value of derivative financial instruments is determined by their market value at the reporting date.

### 23 Financial instruments – Risk management

The principal financial risks to which the Company is exposed are those of foreign currency, interest rate, liquidity and credit. Each of these are managed in accordance with Board approved policies, details of which are contained in the Strategic report on pages 2 to 6.

The Company's principal financial instruments other than derivatives comprise of cash, intra group borrowings and cumulative redeemable preference shares. The main purpose of these financial instruments is to finance the Company's operations. In addition the Company has other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations.

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows to ensure that cash balances are available for operating activities and that appropriate funding is in place to meet short term borrowing requirements. Details of the Company's interest bearing loans and borrowings are given in note 15 and note 21.

## Notes to the financial statements (continued)

### 23 Financial instruments – Risk management (continued)

The table below shows the maturity analysis of the undiscounted contractual cash flows including interest of the Company's financial liabilities:

	Less than 1 year £000	1-2 years £000	Total £000
<i>At 30 January 2016</i>			
Trade and other payables	21,961	-	21,961
Loan from immediate parent Company – Ensco 645 Limited	7,055	-	7,055
Cumulative redeemable preference shares	-	7,261	7,261
	<u>29,016</u>	<u>7,261</u>	<u>36,277</u>
Derivatives: gross settled			
Cash inflows	-	-	-
Cash outflows	-	-	-
	<u>29,016</u>	<u>7,261</u>	<u>36,277</u>
<i>At 31 January 2015</i>			
Trade and other payables	23,956	-	23,956
Loan from immediate parent Company – Ensco 645 Limited	6,517	-	6,517
Cumulative redeemable preference shares	-	15,810	15,810
	<u>30,473</u>	<u>15,810</u>	<u>46,283</u>
Derivatives: gross settled			
Cash inflows	-	-	-
Cash outflows	-	-	-
	<u>30,473</u>	<u>15,810</u>	<u>46,283</u>

#### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company activity expose it primarily to the financial risk of changes in foreign currency exchange rates and thus has entered into financial instruments namely forward foreign currency contracts to hedge the exchange rate risk on the purchase of inventory in US dollars.

#### Credit Risk

Credit risk relates to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company. The key risk to the Company is on trade receivables when customers do not meet their obligations. All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an on-going basis and provision is made for estimated irrecoverable amounts.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics as no counterparty exceeded 10% of the total debtor balance at the Balance Sheet date. The Company defines counterparties as having similar characteristics if they are related entities.

Details of the Company's outstanding receivable balances are detailed in note 13.

The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating authorities.

## Notes to the financial statements (continued)

### 23 Financial instruments – Risk management (continued)

#### *Foreign Currency Risk*

The Company undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts. The Company's principal foreign currency exposures are to the US Dollars and Euros.

The Company's exposure to foreign currency risk is as follows, based on the carrying amount for monetary financial instruments:

	30 January 2016				31 January 2015			
	Sterling £000	Euro £000	US Dollar £000	Total £000	Sterling £000	Euro £000	US Dollar £000	Total £000
Cash and cash equivalents	8,972	483	2,525	11,980	13,910	1,144	283	15,337
Trade and other receivables	20,236	1,236	807	22,279	21,379	1,820	627	23,826
Loans and borrowings	(7,055)	-	-	(7,055)	(6,517)	-	-	(6,517)
Trade and other payables	(20,446)	(99)	(4,878)	(25,423)	(21,383)	(176)	(5,317)	(26,876)
	<u>1,707</u>	<u>1,620</u>	<u>(1,546)</u>	<u>1,781</u>	<u>7,389</u>	<u>2,788</u>	<u>(4,407)</u>	<u>5,770</u>

#### *Sensitivity Analysis*

The Company purchases a proportion of its inventory in US dollars. In order to verify the potential impact of movements in the sterling/US dollar exchange rate in the period an average exchange rate for the year was calculated from all the USD transactions and this rate was then varied by one cent and recalculated. Based on this calculation if the average rate had varied from that actually achieved, it would have added to or reduced cost by approximately £288,000 (FY 2014: £277,000) for every cent of variation if no mitigating action had been taken.

The Company has no exposure to equity price risk.

#### *Capital Management*

There were no changes to the Company's capital management policy during the period with the Board of Directors continuing to seek to maintain a sound balanced capital position for the Company.

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern so that it can continue to provide return for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders commensurate with the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages its capital structure and makes changes in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may in future adjust its dividend policy, return capital to shareholders, issue new shares or sell assets to reduce debt.

## Notes to the financial statements (continued)

### 24 Financial instruments – Categories

	30 January 2016 £000	31 January 2015 £000
<i>Financial Assets:</i>		
Cash and bank balances	11,980	15,337
Loans and receivables	22,279	23,826
<i>Financial Liabilities:</i>		
Amortised cost	22,184	30,739
Intra group loans	7,055	6,517
<i>Financial Liabilities due after 1 year:</i>		
Cumulative preference shares – principal amount including Interest payable – Ensco 648 Limited	7,261	15,810

All derivatives are classified as level 2 under the requirements of IFRS 7, as they are valued using techniques based significantly on observed market data.

### 25 Ultimate parent Company

Effective from 31 January 2016, a new holding Company, Tailored Brands, Inc., was implemented which became the ultimate parent Company of The Men's Wearhouse, Inc. and all entities within the Group.

The company is a wholly owned subsidiary undertaking of Ensco 645 Limited. Tailored Brands, Inc. is regarded as the ultimate parent undertaking and controlling party. Tailored Brands, Inc. is the largest and smallest group of which the Company is a member and for which group financial statements are drawn up. Copies of the parent's consolidated financial statements are available through the investor relations section of its website at [www.tailoredbrands.com](http://www.tailoredbrands.com), from the United States Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov) or from Tailored Brands, Inc., c/o Corporate Compliance, 6380 Rogerdale Road, Houston, TX 77072 USA.