MWUK Limited

Annual report and financial statements

Registered number 00454264

For the 53 weeks ended 03 February 2018

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Directors and professional advisers

Directors	Mr S Graham Mr D Ewert Mr A Rhodes Mr B Thorn
Company Secretary	Mr A Rhodes
Registered office	3 Long Acres 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 Statutory Auditor Birmingham United Kingdom

Strategic report

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006, for the year ended 03 February 2018.

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 Acquisition Company, Inc. ("Twin Hill"). The Company sells through multiple channels including managed corporate accounts, catalogues and the internet.

MWUK Limited objectives 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 managed account approach 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 encompassing forecasting and inventory management.

The Company provides products and services to a diverse customer matrix, from international global brands to individual entrepreneurs. Our customers operate in a wide range of sectors including retail, banking, airlines, quick service restaurants, travel, distribution, public sector, healthcare, hospitality, facilities management, laundries, leisure and beauty.

On 13 February 2017, the Company purchased 100% of the share capital of Works Uniform Direct Limited, a small company based in Northern Ireland, who operated as a sales agent for the Alexandra brand in Northern Ireland and the Republic of Ireland. The acquisition is expected to increase the Company's commercial reach into to the Irish market.

The Directors submit the audited accounts for the period ended 03 February 2018. The profit after taxation for the year amounted to £6,791,000 compared to the £9,149,000 profit in the previous year.

Financial Highlights

The Directors consider the following to be key performance indicators:

		53 weeks ended 03 February 2018	52 weeks ended 28 January 2017
1)	Sales	£146,497,000	£144,285,000
2)	Gross profit margin %	31.9%	35.5%
3)	Other operating expenses %	26.2%	27.6%
4)	Operating profit	£8,320,000	£11,388,000
5)	Operating profit %	5.7%	7.9%
6)	Average number of items despatched per day	78,467	74,720

- Sales increased mainly due to an additional trading week in the financial calendar, continued Alexandra market share growth plus strong Dimensions roll out activity. However this was largely offset by lower commission fees from Twin Hill following a significant rollout in FY2016.
- The 3.6% decrease in gross profit margin % was largely due to increased purchasing costs caused by the devaluation of the pound in 2016, further affected by lower Twin Hill commission in 2017.
- The 1.4% reduction in operating expenses %, primarily resulted from sales leverage of warehousing and distribution costs and lower Twin Hill commission. Actual costs decreased as a result of lower headcount, despite wage inflation (including increases in the National Living Wage plus the introduction of the apprenticeship levy).

Strategic report *(continued)*

Financial Highlights *(continued)*

Operating profit decreased to £8,320,000 (FY2016: £11,388,000), with the operating margin at 5.7% (FY2016 7.9%).

The decrease in operating profit resulted in the Company achieving a profit after tax of £6,791,000 (FY2016: £9,149,000).

In 2017, the Company continued to generate excess cash from operations and maintained strong liquidity. As a result, the Company loaned £14.9 million to its parent company while maintaining over £12 million cash and cash equivalents at the end of the year.

Future Developments

The Directors expect sales in FY2018 to be lower than FY2017 with continued growth in Alexandra, offset by lower Dimensions rollout activity plus the effect of the 53rd week in FY2017. However, gross margin and operating profit are expected to increase due to actions taken in FY2017 to mitigate unhedged purchasing costs including selective price increases and supply chain initiatives.

Continued investment in IT infrastructure to enhance customer experience and improve operating efficiencies are planned for the year ahead and in addition the business will continue to invest in its supply chain systems and warehouse facilities.

The business is focused on maintaining and increasing market share throughout the UK, and developing its growing international pipeline. Management will continue to progress the Company's close relationship with Twin Hill.

The revisions to International Financial Reporting Standard ("IFRS") 15 were considered and deemed applicable to the Company's transactions, however, following an impact assessment performed, it was concluded that no changes to revenue recognition were required or applied to the preparation of the financial statements as the impact is immaterial.

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.

Strategic report *(continued)*

Principal Risks and Uncertainties *(continued)*

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 audits and inspections are conducted to ensure compliance and efficiency of the supply chain is maintained.

The supplier base is well spread, therefore over reliance on any one factory is mitigated. The Company monitors the domestic, political and financial factors of the countries in which its suppliers operate.

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 significant 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 attract cumulative dividends.

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

Information Security and Cyber risk
As the nature of cyber attack risk is constantly changing and becoming more sophisticated, the Company continually works towards improving mitigating controls and supports investment and resource in this critical area.

Corporate Social Responsibility

The Company places great emphasis on Corporate Social Responsibility 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. Individuals are recognised both for their endeavours and also for their length of service. 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 operates suggestion schemes and welcomes input and ideas which are implemented to encourage continuous improvement activity. During the year additional promotion of mental health and wellbeing was introduced, including the provision of mental health first aiders.

Stakeholder feedback is periodically encouraged throughout the year including an annual detailed employee survey.

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. The Company records and reports on Gender Pay Gap annually and has developed a statement to reflect its stance with regard to Modern Slavery.

Strategic report *(continued)*

Corporate Social Responsibility *(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.

The Company has been a member of the Ethical Trading Initiative (ETI) for over 10 years. Suppliers are encouraged and supported in their efforts to embrace and implement the ETI nine point base code of practice. The Base Code is an internationally recognised set of labour standards based on the International Labour Organisation conventions. MWUK Limited works to ensure that the welfare of workers and labour conditions within its supply chain meet or exceed recognised standards, it constantly strives to improve working conditions and human rights in an environmentally friendly work place.

As members of the ETI, the Company commits to clear objectives to minimise risk in the supply chain by having a constructive audit and training programme which includes an investigative approach to risk management. Since 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 plus a Workplace Conditions Assessment audit which provides a score set against risk profiles. The audits are in adherence to the Ethical Trade Initiative Base Code and country laws. With support from our dedicated compliance team our audit and training programs allow us to support our supply base to be more effective and become ethical leaders in the manufacture of garments.

Our commitment to compliance goes above and beyond the realms of ethical audits; we strive to better the lives of our working partners and develop the internal culture of our business through implementing a number of knowledge building and training programmes.

We are partners with Business for Social Responsibility (a non-profit organisation) on the HERproject, which is the leading collaborative force in empowering low-income women at work overseas. These women tend to have low education levels, live far from their families in rented premises and are often migrants from rural areas. Through the HERproject we help to change the lives of women who work in our supply base by schooling them on the importance of their health, finances and gender equality.

Strategic report *(continued)*

Corporate Social Responsibility *(continued)*

Supply Chain *(continued)*

We actively promote the understanding of our commitment to ethical compliance by participating in induction sessions, hold 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 their buying ethically programme.

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. We continue to see improvements in our supplier audits and endeavour to drive this further forward.

As a company who turns over in excess of £36 million, we are required by law to publish, via the website, an annual Modern Slavery Statement detailing our monitoring processes, risk assessments and activities in our business and supply chain to ensure modern slavery is not present. This is reviewed annually with the Company's measurable targets updated and reported against.

Charitable donations

During the year the Company donated £3,834 (FY2016: £7,041). This is in addition to monies raised by our staff which is paid directly to the charities concerned.

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.

Cyber Security Essentials Plus
In 2018 the Company has been accredited with Cyber Essentials Plus, a UK government endorsed scheme. The 'Plus' certification validates the internal system controls and safeguards from cyber threats by an independent Certification Body.

General Data Protection Regulation (GDPR)
The company introduced a robust GDPR program, ensuring full compliance by May 2018. Continuous monitoring of the requirements will drive improvements and be enforced in the years ahead.

American Partners

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

By order of the Board

Mr S Graham
Director
3 September 2018

Directors' report

The Directors present their annual report and audited financial statements for the 53 weeks ended 03 February 2018 (FY2017). The previous financial period comprised of 52 weeks and ended on 28 January 2017 (FY2016). The 53 week period for FY2017 is deemed to be a year throughout the report.

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 03 February.

Principal Activity

The principal activity of MWUK Limited (the "Company"), a privately held 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.

The future developments of the company can be found in the Strategic report on page 3. The Strategic report also covers use of financial instruments within the financial risk section on page 3.

Directors

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

Mr S Graham
Mr D Ewert
Mr A Rhodes
Mr B Thom

The Directors have not paid an ordinary dividend during the period (FY2016: £ nil) and an ordinary dividend of £14.5 million is proposed in FY2018.

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 nearly 18 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 subsidiary 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.

The Company's parent company, MWUK Holding Company Limited, is principally financed by a Eurobond loan from Tailored Brands Noborue Limited, a Hong Kong limited company and also a fellow subsidiary of Tailored Brands, Inc.

On 25 January 2018, the Company loaned its parent company, MWUK Holding Company Ltd, £14,925,000. Interest will accrue on the loan at 1% per annum and it is due to repaid in full in July 2018.

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)*

Employment and recruitment policies

It is the company's policy to ensure that employees are recruited, selected, developed, remunerated and promoted on the basis of their skills and suitability for the work performed. The company is committed to treating all employees fairly and equally and will endeavor to provide workplace adaptions and training for employees or candidates who have a disability and colleagues who become disabled during their employment.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard ("FRS") 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Directors' indemnities

The group maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. This is a group policy which benefits directors of the parent company and fellow subsidiaries.

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

3 September 2018

Independent Auditor's Report to the Members of MWUK Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of MWUK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 03 February 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement and statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework".

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Peter Gallimore FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
5 September 2018

Income statement and statement of comprehensive income

For the 53 weeks ended 03 February 2018

	Note	53 weeks ended 03 February 2018 Total £000	52 weeks ended 28 January 2017 Total £000
Revenue	2	146,497	144,285
Cost of sales		(99,808)	(93,117)
Gross Profit		46,689	51,168
Other operating expenses			
- Warehousing and distribution costs		(7,801)	(8,189)
- Administrative expenses		(30,568)	(31,591)
Operating profit	3	8,320	11,388
Finance income and similar income	6	12	2
Finance cost and similar charges	6	(870)	(834)
Profit before taxation		7,462	10,556
Taxation	7	(671)	(1,407)
Profit for the period		6,791	9,149

All results are derived from continuing operations. There is no other comprehensive income during the period.

Balance sheet

As at 03 February 2018

	Note	03 February 2018 £000	28 January 2017 £000
Fixed assets			
Investment in subsidiary undertakings	*9*	592	23
Intangible assets	*10*	32,509	32,614
Property, plant and equipment	*11*	7,265	6,960
		40,366	39,597
Current assets			
Inventories	*12*	49,205	52,154
Trade and other receivables	*13*	42,055	27,498
Derivative financial assets	*22*	121	360
Deferred tax assets	*17*	326	89
Cash and cash equivalents	*16*	12,149	20,537
		103,856	100,638
Total assets		144,222	140,235
Current liabilities			
Trade payables		(10,436)	(14,775)
Current tax payable		(1,079)	(548)
Derivative financial liabilities	*22*	(1,369)	(961)
Deferred tax liability	*17*	-	(23)
Other payables	*14*	(12,168)	(12,398)
Borrowings	*15*	(8,266)	(7,642)
		(33,318)	(36,347)
Net current assets		70,538	64,291
Total assets less current liabilities		110,904	103,888
Non-current liabilities			
Other payables	*14*	(50)	(71)
Borrowings	*15*	(7,754)	(7,508)
		(7,804)	(7,579)
Total liabilities		(41,122)	(43,926)
Net assets		103,100	96,309
Equity			
Called-up share capital	*19*	71,223	71,223
Retained earnings		31,877	25,086
Total equity		103,100	96,309

The financial statements of MWUK Limited, (Company Registration number 00454264), were approved and authorised for issue by the Board of Directors on 3 September 2018 and signed on its behalf by:

Mr S Graham
Director

Statement of changes in equity
For the 53 weeks ended 03 February 2018

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 31 January 2016	71,223	15,937	87,160
Total comprehensive income for the period			
Profit for the year	-	9,149	9,149
Balance at 28 January 2017	71,223	25,086	96,309
Total comprehensive income for the period			
Profit for the year	-	6,791	6,791
Balance at 03 February 2018	71,223	31,877	103,100

Share capital details can be found in note 19 on page 30.

Notes to the financial statements

1 Accounting policies

MWUK Limited (the "Company") is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. 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 and Directors' report.

Basis of preparation
The Company meets the definition of a qualifying entity under Financial Reporting Standard ("FRS") 100 "Application of Financial Reporting Requirements" issued by the Financial Reporting Council. Accordingly, in the year ended 28 January 2017, the Company underwent transition from reporting under International Financial Reporting Standard ("IFRS") adopted by the European Union to FRS 101 "Reduced Disclosure Framework". This transition was not considered to have had material effect on the financial statements.

These financial statements were prepared in accordance with FRS 101 "Reduced Disclosure Framework".

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related parties.

Where relevant, equivalent disclosures have been given in the Annual Report on Form 10-K of Tailored Brands, Inc.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of International Accounting Standard ("IAS") 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The financial statements contain information about MWUK Holding Company Limited as an individual company and do not contain consolidated financial information as a parent of a group. 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 in the consolidated financial statements of its ultimate parent company, Tailored Brands, Inc.

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.

Investments

Investments in subsidiaries are carried at cost less impairment.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Cash and cash equivalents

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

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.

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 and Statement of Comprehensive Income.

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 and Statement of Comprehensive Income.

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
- 10% 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 5 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. Assets with 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. Assets with an indefinite useful life are carried at cost.

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 and Statement of Comprehensive Income.

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 and Statement of Comprehensive Income 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 and Statement of Comprehensive Income.

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 and Statement of Comprehensive Income 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 and Statement of Comprehensive Income.

Leased assets

Rentals payable in respect of operating leases are charged to the Income Statement and Statement of Comprehensive Income 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 and Statement of Comprehensive Income 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, if any, are presented as non-recurring items in the Income Statement and Statement of Comprehensive Income. 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.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

***Impairment** (continued)*
For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at each Balance Sheet date. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses and consist of a trademark which the Company intends to use indefinitely. 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 and Statement of Comprehensive Income.

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) 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. Further discussion regarding goodwill can be found in Note 10 to the financial statements on page 25.

(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) 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).

Notes to the financial statements *(continued)*

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

(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.

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's main class of business is the provision of clothing to people at work, in conjunction with associated management fees and intercompany commission charges. 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:

	53 weeks ended 03 February 2018 £000	**52 weeks ended 28 January 2017 £000**
Sale of goods	139,769	134,749
Rendering of services	4,078	4,114
Intercompany	2,650	5,422
	146,497	144,285

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

	53 weeks ended 03 February 2018 £000	**52 weeks ended 28 January 2017 £000**
United Kingdom and Ireland	134,586	133,973
Other European	8,924	4,393
Other Worldwide	2,987	5,919
	146,497	144,285

Notes to the financial statements *(continued)*

3 Operating profit

	53 weeks ended 03 February 2018 £000	52 weeks ended 28 January 2017 £000
Operating profit is stated after charging / (crediting):		
Depreciation of tangible fixed assets		
- Owned property, plant and equipment	1,149	1,182
Amortisation of intangible assets, excluding capitalised software	-	-
Amortisation of capitalised software	934	776
Net foreign exchange (gains) / losses	1,834	(8)
Operating lease payments		
- Land and buildings	1,642	1,642
- Plant and equipment	675	727
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	66	66
Fees payable to the Company's auditor for taxation compliance services	52	107
Fees payable to the Company's auditor for other taxation advisory services	17	-
Cost of inventories recognised as an expense	97,562	94,216

In addition to the above £30,000 (FY2016: £30,000) was payable to Deloitte LLP by Tailored Brands, Inc. for audit related assurance services.

4 Employee benefit expense

	53 weeks ended 03 February 2018 £000	52 weeks ended 28 January 2017 £000
Staff costs during the period were as follows:		
Wages and salaries	18,950	18,630
Social security costs	1,922	1,977
Pension costs - defined contribution plans (see note 18)	475	453
Total	21,347	21,060

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

	53 weeks ended 03 February 2018	52 weeks ended 28 January 2017
Distribution	185	198
Administration and selling	458	480
Total	643	678

Notes to the financial statements *(continued)*

5 Directors' emoluments

The aggregate emoluments of Directors are as follows:

	53 weeks ended 03 February 2018 £000	52 weeks ended 28 January 2017 £000
Wages and salaries (excluding employers' pension contributions but including bonuses earned and benefits in kind)	470	470
Total	470	470

At 03 February 2018 no Directors (28 January 2017: none) are a member of a defined contribution money purchase scheme.

Remuneration of the highest paid director includes emoluments of £470,000 (FY2016: £470,000), and Company pension contributions of £nil (FY2016: £nil).

6 Finance income and expense

	53 weeks ended 03 February 2018 £000	52 weeks ended 28 January 2017 £000
Interest receivable on short term loan with parent company – MWUK Holding Co Ltd	4	-
Interest receivable on short term loan with a fellow subsidiary – The Men's Wearhouse	-	1
Interest receivable on deposit account with HSBC	8	1
Finance income	12	2

	53 weeks ended 03 February 2018 £000	52 weeks ended 28 January 2017 £000
Interest payable on loan from immediate parent Company – Ensco 645 Limited	624	587
Interest on redeemable cumulative preference shares classified as financial liabilities	246	247
Finance costs	870	834

Notes to the financial statements *(continued)*

7 Taxation

	53 weeks ended 03 February 2018 £000	52 weeks ended 28 January 2017 £000
Current tax expense:		
UK corporation tax charge for the period at 19.2% (FY2016: 20%)	1,028	1,718
Adjustment in relation to previous periods	(97)	(258)
Current tax charge for the period	931	1,460
Deferred tax expense:		
Origination and reversal of temporary differences	(165)	(118)
Adjustment in relation to change in future corporation tax rates	-	(3)
Adjustment in relation to previous periods	(95)	68
Deferred tax (credit) / charge for the period (note 17)	(260)	(53)
Total charge for taxation included in the income.statement and statement of comprehensive income	671	1,407

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

	53 weeks ended 03 February 2018 £000	52 weeks ended 28 January 2017 £000
Profit before taxation per the income statement and statement of comprehensive income	7,462	10,556
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.2% (FY2016: 20%)	1,430	2,111
Factors affecting charge for the period:		
Tax effect of expenses not deductible for tax purposes	170	156
Current tax adjustments to tax in respect of prior periods	(97)	(258)
Deferred tax adjustments to tax in respect of prior periods	(95)	68
Group relief received for no consideration	(758)	(688)
Adjustment for effect on deferred tax of change in rate of corporation tax	-	(3)
Difference in current tax and deferred tax rates	21	21
Tax charge for the period	671	1,407

The reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The current tax rate used in the period ended 3 February 2018 is therefore 19.2% and the rate used for the closing deferred tax balance is 17%.

8 Dividends

The Directors have not paid an ordinary dividend during the period (FY2016: £ nil) and an ordinary dividend of £14.5 million is proposed in FY2018.

Notes to the financial statements *(continued)*

9 Investment in subsidiary undertakings

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

	03 February 2018 £000	28 January 2017 £000
Alexandra Corporate Fashion BV	15	15
Alexandra Vetements Professionnel SARL	8	8
Work Uniform Direct Ltd	569	-
	592	23

Subsidiary Undertaking	Country of Incorporation	Registered Office	Nature of Business	Holding	%
Alexandra Corporate Fashion BV (shareholding held by MWUK Limited)	Netherlands	Postbus 223, 4940 AE, Raamsdonksveer, The Netherlands	Provision of clothing to people at work	Ord. shares	100
Alexandra Vetements Professionnel SARL (shareholding held by MWUK Limited)	France	42 rue de Maubeuge, 75009, Paris, France	Provision of clothing to people at work	Ord. shares	100
Work Uniforms Direct Ltd (shareholding held by MWUK Limited)	UK	12A Balloo Avenue, Bangor, County Down, Belfast BT19 7QT	Provision of clothing to people at work	Ord. shares	100

On 13 February 2017, the Company purchased 100% of the share capital of Work Uniforms Direct Limited, a small company based in Northern Ireland, who operated as a sales agent for the Alexandra brand in Northern Ireland and the Republic of Ireland.

10 Intangible assets

	Goodwill £000	Capitalised software £000	Other intangible assets £000	Total £000
Cost:				
At 28 January 2017	29,152	4,482	25,889	59,523
Additions	-	829	-	829
At 03 February 2018	29,152	5,311	25,889	60,352
Accumulated amortisation:				
At 28 January 2017	-	1,820	25,089	26,909
Charged during the period	-	934	-	934
At 03 February 2018	-	2,754	25,089	27,843
Carrying amount:				
At 28 January 2017	29,152	2,662	800	32,614
At 03 February 2018	29,152	2,557	800	32,509

Notes to the financial statements *(continued)*

10 Intangible assets *(continued)*

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 based on value-in-use using 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 with a finite useful life are carried at cost less accumulated amortisation; these assets were fully amortised in FY2015. The remaining balance of other intangible assets relates to the Alexandra trademark which is considered to have an indefinite life, therefore no amortisation has been charged in the year.

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

11 Property, plant and equipment

	Short leasehold £000	Plant and equipment £000	Total £000
Cost or valuation:			
At 28 January 2017	8,184	7,655	15,839
Additions	1,063	391	1,454
Disposals	-	-	-
At 03 February 2018	9,247	8,046	17,293
Accumulated depreciation and impairment:			
At 28 January 2017	2,880	5,999	8,879
Charged during the period	594	555	1,149
Disposals	-	-	-
At 03 February 2018	3,474	6,554	10,028
Net book value:			
At 28 January 2017	5,304	1,656	6,960
At 03 February 2018	5,773	1,492	7,265

12 Inventories

	03 February 2018 £000	28 January 2017 £000
Goods for resale	37,728	40,609
Work in progress	2,456	2,998
Raw materials	9,021	8,547
	49,205	52,154

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 £195,000 (FY2016: £924,000) was recognised as an impairment expense in the Income Statement and Statement of Comprehensive Income.

Notes to the financial statements *(continued)*

13 Trade and other receivables

Amounts falling due within one year:	03 February 2018 £000	28 January 2017 £000
Amount receivable for the sale of goods	23,638	19,239
Less: Provision for impairment	(323)	(314)
Net amount receivable for the sale of goods	23,315	18,925
Prepayments	1,471	1,761
Amounts owed by fellow subsidiaries	626	3,800
Amounts owed by parent company	14,934	-
Amounts owed by subsidiary undertakings	1,709	3,012
	42,055	27,498

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.

The amounts owed by the parent company, MWUK Holding Company Limited, include a short term loan for £14,925,000. The loan was agreed on 25 January 2018 and is due to be repaid in full in July 2018. Interest will accrue at 1% per annum.

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:

	03 February 2018 £000	28 January 2017 £000
Trade receivables:		
- Not past due	20,071	15,518
- 3 months past due	3,322	3,531
- 6 months past due	245	190
- Provision	(323)	(314)
	23,315	18,925

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

	03 February 2018 £000	28 January 2017 £000
Balance at beginning of the period	(314)	(391)
Increase during the period	(119)	(102)
Utilised during the period	110	179
Balance at end of the period	(323)	(314)

Notes to the financial statements *(continued)*

13 Trade and other receivables *(continued)*

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 and Statement of Comprehensive Income when the receivable is considered to be uncollectable. Trade receivables which are less than 3 months past due are not considered impaired

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 £119,000 (FY2016: £102,000). 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

	03 February 2018 £000	28 January 2017 £000
Amounts falling due within one year:		
Other taxation and social security	3,057	2,512
Other creditors and accruals	8,270	9,064
Amounts owed to MWUK Holding Company Limited, the parent company	-	3
Amounts owed to The Men's Wearhouse, Inc., a fellow subsidiary	812	819
Amounts owed to Alexandra Vetements Professionnel SARL, a subsidiary company	29	-
	12,168	12,398

	03 February 2018 £000	28 January 2017 £000
Amounts falling due after one year:		
Accruals	50	71

The total carrying amount of financial liabilities, comprising of trade payables and other creditors and accruals, is £18,706,000 (28 January 2017: £23,840,000). 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 31 days (FY2016: 40 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

	03 February 2018 £000	28 January 2017 £000
Current interest bearing loans and borrowings represent:		
Amounts owed to immediate parent Company – Ensco 645 Limited	8,266	7,642
Cumulative preference shares – principal amount – Ensco 648 Limited	6,152	6,152
Interest payable on the cumulative preference shares – Ensco 648 Limited	1,602	1,356
Total current interest bearing loans and borrowings	16,020	15,150
Amount due for settlement within one year	8,266	7,642
Amount due for settlement after one year	7,754	7,508

The amounts owed to Ensco 645 Limited, the immediate parent Company, bear interest at 8% per annum. The loan repayment date was extended to 11 January 2019 in the current year (FY2016: extended to 13 January 2018).

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 £1,602,000 at 03 February 2018 (28 January 2017: £1,356,000).

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

	03 February 2018 £000	28 January 2017 £000
Cash and cash equivalents	12,149	20,537

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 17% (28 January 2017: 17%) being the substantively enacted rate at the Balance Sheet date.

	Deferred tax assets		Deferred tax liabilities	
	03 February 2018 £000	28 January 2017 £000	03 February 2018 £000	28 January 2017 £000
Recognised deferred tax balances in respect of:				
Accelerated capital allowances	235	-	-	(23)
Other	91	89	-	-
	326	89	-	(23)

	Deferred taxes		Deferred taxes	
	03 February 2018 £000 Current	03 February 2018 £000 Non current	28 January 2017 £000 Current	28 January 2017 £000 Non current
Recognised deferred tax balances in respect of:				
Accelerated capital allowances	235	-	(23)	-
Other	91	-	89	-
	326	-	66	-

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 28 January 2017	(23)	89	66
Credit to income	258	2	260
At 03 February 2018	235	91	326

The Company has recognised deferred tax assets of £326,000 (28 January 2017: £66,000) 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 £475,000 (FY2016: £453,000).

	03 February 2018 £000	28 January 2017 £000
Amounts outstanding at period end:		
Defined contribution pension scheme	81	73

19 Called-up share capital

	03 February 2018 £000	28 January 2017 £000
Issued and fully paid:		
71,222,081 Ordinary shares of £1 each	71,222	71,222
1,000 A Ordinary shares of £1 each	1	1
	71,223	71,223

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

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

	Property		Plant and machinery	
Expiry Date:	03 February 2018 £000	28 January 2017 £000	03 February 2018 £000	28 January 2017 £000
- within one year	1,627	1,642	603	513
- between two and five years	6,483	6,508	971	689
- in five years or more	1,917	3,519	21	41
	10,027	11,669	1,595	1,243

Notes to the financial statements *(continued)*

21 Related party transactions

The Company has taken the exemption under FRS 101.8(k) from disclosing transactions with fellow subsidiaries of Tailored Brands, Inc., the ultimate parent undertaking. The table below sets out the amounts receivable and payable from related parties at the balance sheet date.

The following amounts were outstanding with fellow subsidiaries of Tailored Brands, Inc. at the balance sheet date:

		Amounts owed by related parties		Amounts owed to related parties	
Related Party	**Nature of Transaction**	**FY2017 £000**	**FY2016 £000**	**FY2017 £000**	**FY2016 £000**
MWUK Holding Company Limited, the parent Company	Loan/Trade	14,934	-	-	3
Ensco 645 Limited, its immediate parent Company	Loan	-	-	8,266	7,642
Ensco 648 Limited, a parent Company	Loan	-	-	7,754	7,508
The Men's Wearhouse, Inc., a fellow subsidiary	Trade		-	812	819
Alexandra Vetements Professionnel SARL, subsidiary undertakings	Trade	-	-	29	-
Twin Hill, Inc., a fellow subsidiary	Trade	626	3,800	-	-
Alexandra Corporate Fashion BV, subsidiary undertakings	Trade	1,706	3,012	-	-
Work Uniforms Direct Ltd, subsidiary undertakings	Trade	3	-	-	-

All intercompany loans are unsecured with no associated guarantees.

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.

	03 February 2018 £000	28 January 2017 £000
Fair value loss on foreign exchange forwards – liabilities	(1,369)	(961)
Fair value gain on foreign exchange forwards – assets	121	360
	(1,248)	(601)

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

At the period end date, the total notional amount of outstanding forward exchange contracts that the Company had committed is as follows:

	03 February 2018 £000	28 January 2017 £000
Forward foreign exchange contracts – denominated in US dollars	27,411	31,513
Forward foreign exchange contracts – denominated in Euros	6,334	8,760
	33,745	40,273

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

Notes to the financial statements *(continued)*

23 Financial instruments – Categories

	03 February 2018 £000	28 January 2017 £000
Financial Assets:		
Cash and bank balances	12,149	20,537
Loans and receivables	40,584	25,737
Derivatives at fair value through the profit and loss – held for trading	121	360
	52,854	46,634
Financial Liabilities:		
Derivatives at fair value through the profit and loss – held for trading	1,369	961
Amortised cost	19,032	23,105
Intra group loans	8,266	7,642
	28,667	31,708
Financial Liabilities due after 1 year:		
Cumulative preference shares – principal amount including Interest payable – Ensco 648 Limited	7,754	7,508
	7,754	7,508

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.

24 Ultimate parent Company

The Company is a wholly owned subsidiary undertaking of Ensco 645 Limited. Tailored Brands, Inc. is incorporated in the United States of America (USA) and 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; the registered office address is 6380 Rogerdale Road, Houston, TX 77072 USA. Copies of the parent's consolidated financial statements are available through the investor relations section of its website at www.tailoredbrands.com, from the United States Securities and Exchange Commission website at www.sec.gov or from Tailored Brands, Inc., c/o Assistant Secretary, at the registered office address.