

WEARWELL (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

TUESDAY



A15 *A7CSH7N7* #31
21/08/2018
COMPANIES HOUSE



MHA MacIntyre Hudson

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WEARWELL (UK) LIMITED

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WEARWELL (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006, for the year ended 31 December 2017.

Business review

The Company operates as manufacturer and provider of corporate apparel in the United Kingdom and on the internet.

The Company provides products to a broad customer base, including global companies, SMEs and sole traders. Our product lines include the latest innovations in technology and style. We supply into a wide range of sectors including Laundries, Automotive, Manufacturing, Retail, Healthcare, Airlines, Travel, Distribution, Public Sector, Hospitality, Facilities Management, Leisure and Beauty.

On 10 August 2017 the Company's holding company was acquired by Wear to Work Solutions Limited. This has introduced new funding into the Company. During 2017 the Company has invested in new infrastructure to fuel future growth with new product development and new sectors. We have significantly increased our sales and marketing team, introducing as well a new website and a social media presence. Our head office in Tamworth has under gone a major refurbishment, improving facilities for both staff and customers. We have created more conference areas to allow greater flexibility when meeting new and existing customers. This will increase our market share throughout the UK.

The benefit of the investment in the new infrastructure is already being seen in 2018 with the Company broadening it's customer base and increasing penetration in its target sectors.

The Directors' submit the audited accounts for the year ended 31 December 2017. The profit after taxation for the year amounted to £720,050 (2016: £537,064).

WEARWELL (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Principal risks and uncertainties

The Company reviews the key risks and uncertainties faced on an on-going basis, these are set out below with their mitigating factors:

Financial risk management

The Company's key financial risks are the effects of changes in credit risk, market risk, liquidity risk and interest rate risk.

MarketRisk

The Company has a broad end user 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 end user makes up a significant proportion of the Company's turnover.

Credit risk

The Company has implemented credit control policies that require credit checks on all 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 has a robust selection process to ensure its suppliers operate within an appropriate ethical framework and are able to deliver on time 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 to which its suppliers operate.

Business continuity

Controls are in place to maintain the integrity and efficiency of the IT systems, including disaster 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.

Brexit

The decision to leave the European Union, has created a number of uncertainties. The extent to which operational and financial performance will be affected will only become clear as the process evolves. We consider no new principal risks to our business have arise from the uncertainty that Brexit brings. Areas of potential risks are, exchange rate, changes in tariffs and duties, and economic uncertainty.

The directors will continue to monitor the potential risks and uncertainties which may arise from the process of leaving the EU.

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. The Company has clearly defined health and safety policies which follow current best practices and meet or exceed legal requirements.

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

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.

WEARWELL (UK) LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Key performance indicators

The Directors' consider the key financial indicators of the business to be as follows:

Gross margin percentage	23.1%
Earnings before Interest, Taxation, Depreciation and Amortisation	£776,060
Net assets	£5,534,770

In addition, management closely monitors sales pipeline, order fulfilment and garment quality measures. As noted above, the Board also monitors the availability of funding and is pleased to report that cash generation and funding headroom are both strong.

This report was approved by the board on 7 August 2018 and signed on its behalf.



R P Wright
Director

WEARWELL (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The principal activity of the Company is the manufacture and distribution of workwear clothing.

Results and dividends

The profit for the year, after taxation, amounted to £720,050 (2016 - £537,064).

The directors' did not recommend the payment of a dividend during the year (2016: £172,321).

Directors

The directors who served during the year were:

G Clayton
C Rooney
R P Wright (appointed 10 August 2017)
B M Greasley (resigned 10 August 2017)

WEARWELL (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditor

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

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

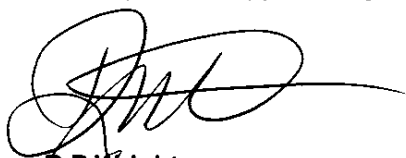
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 7 August 2018 and signed on its behalf.



R P Wright
Director

WEARWELL (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WEARWELL (UK) LIMITED

Opinion

We have audited the financial statements of Wearwell (UK) Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

WEARWELL (UK) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WEARWELL (UK) LIMITED
(CONTINUED)**

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 this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

WEARWELL (UK) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WEARWELL (UK) LIMITED
(CONTINUED)**

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

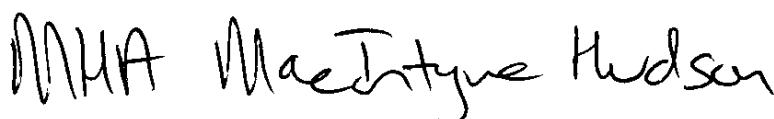
Auditor's responsibilities for the audit of the financial statements

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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



Martin Ramsey (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants

Statutory Auditors

Rutland House

148 Edmund Street

Birmingham

B3 2FD

13 August 2018

WEARWELL (UK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	As restated 2016 £
Turnover	4	6,227,696	6,982,432
Cost of sales		(4,786,964)	(5,378,755)
Exceptional cost of sales		-	(278,750)
Gross profit		1,440,732	1,324,927
Administrative expenses		(712,623)	(575,150)
Operating profit	5	728,109	749,777
Interest receivable and similar income	7	37	-
Interest payable and expenses	8	(8,096)	(14,853)
Profit before tax		720,050	734,924
Tax on profit	9	-	(197,860)
Profit for the financial year		720,050	537,064
Other comprehensive income for the year			
Unrealised surplus on revaluation of tangible fixed assets		691,740	-
Total comprehensive income for the year		1,411,790	537,064

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

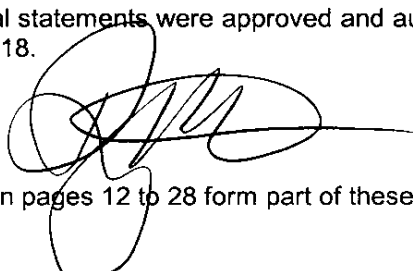
The notes on pages 12 to 28 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	As restated 2016 £
Fixed assets			
Intangible assets	12	5,703	-
Tangible assets	13	1,247,460	580,904
		<u>1,253,163</u>	<u>580,904</u>
Current assets			
Stocks	14	1,024,652	1,509,639
Debtors: amounts falling due within one year	15	3,796,934	2,910,125
Cash at bank and in hand	16	818,580	1,047,554
		<u>5,640,166</u>	<u>5,467,318</u>
Creditors: amounts falling due within one year	17	(1,342,036)	(1,439,007)
Net current assets		<u>4,298,130</u>	<u>4,028,311</u>
Total assets less current liabilities		<u>5,551,293</u>	<u>4,609,215</u>
Creditors: amounts falling due after more than one year	18	-	(469,712)
Provisions for liabilities			
Deferred tax		(16,523)	(16,523)
Net assets		<u><u>5,534,770</u></u>	<u><u>4,122,980</u></u>
Capital and reserves			
Called up share capital	21	146,178	146,178
Share premium account	22	132,943	132,943
Revaluation reserve	22	691,740	-
Capital redemption reserve	22	71,463	71,463
Other reserves	22	692,696	692,696
Profit and loss account	22	3,799,750	3,079,700
		<u><u>5,534,770</u></u>	<u><u>4,122,980</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 August 2018.

R P Wright
Director



The notes on pages 12 to 28 form part of these financial statements.

WEARWELL (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2016 (as previously stated)	146,178	132,943	71,463	-	692,696	3,029,292	4,072,572
Prior year adjustment (Note 23)	-	-	-	-	-	(314,335)	(314,335)
At 1 January 2016 (as restated)	146,178	132,943	71,463	-	692,696	2,714,957	3,758,237
Profit for the year (as restated)	-	-	-	-	-	537,064	537,064
Dividends: Equity capital	-	-	-	-	-	(172,321)	(172,321)
At 1 January 2017 (as restated)	146,178	132,943	71,463	-	692,696	3,079,700	4,122,980
Profit for the year	-	-	-	-	-	720,050	720,050
Surplus on revaluation of freehold property	-	-	-	691,740	-	-	691,740
At 31 December 2017	146,178	132,943	71,463	691,740	692,696	3,799,750	5,534,770

The notes on pages 12 to 28 form part of these financial statements.

WEARWELL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Wearwell (UK) Limited is a private company limited by shares incorporated in England. The address of the registered office is Gagarin, Lichfield Road, Tamworth, Staffordshire, B79 7TR.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Wear to Work Solutions Limited as at 31 December 2017 and these financial statements may be obtained from Gagarin, Lichfield Road, Tamworth, Staffordshire, B79 7TR.

2.3 Going concern

At the time of approving the financial statements, the Company has adequate resources to continue in operational existence for the foreseeable future on the understanding that the Company has the ongoing support of group entities. Thus the directors' have considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.4 Revenue

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

Sale of goods

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

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

2.5 Intangible assets

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

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

Amortisation is provided on the following bases:

Computer software	-	20% Straight line
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2.6 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Plant and machinery	-	10-20% per annum
Motor vehicles	-	20% per annum
Office equipment	-	10-33% per annum

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.8 Stocks

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

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

2.9 Debtors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income. The impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

2.12 Creditors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

2.14 Finance costs

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

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.18 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.21 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

WEARWELL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

Estimates and judgments 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.

Stocks:

It is the Company's policy to make a provision against stock for any stock lines which are considered slow-moving or which may not be used going forward and which may realise less than their full cost. The provision is to reduce the value of stock to its estimated net realisable value.

Depreciation and amortisation:

Depreciation is provided on tangible fixed assets based on the estimated useful economic life of those assets. This is based on management's knowledge of the business and the assets held.

Amortisation is provided on intangible fixed assets based on the estimated useful economic life of those assets. This is based on management's knowledge of the business and the assets held.

Debtors:

It is the Company's policy to make a provision against trade debtors for any balances which are considered to be irrecoverable. The provision is to reduce the value of the debtor to its estimated realisable value.

4. Turnover

Turnover represents the manufacture and wholesale distribution of workwear products.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	6,227,696	6,938,983
Rest of Europe	-	43,449
	<u>6,227,696</u>	<u>6,982,432</u>

WEARWELL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. Operating profit

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

	2017	2016
	£	£
Depreciation of tangible fixed assets	47,854	71,413
Amortisation of intangible assets, including goodwill	97	-
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	13,750	12,000
Exchange differences	(4,235)	(51,545)
Defined contribution pension cost	5,143	4,369
	<u> </u>	<u> </u>

6. Employees

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	718,577	712,601
Social security costs	36,608	20,634
Cost of defined contribution scheme	5,143	4,369
	<u>760,328</u>	<u>737,604</u>

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

	2017	2016
	No.	No.
Production and sales	37	37
Management and administration	18	15
	<u>55</u>	<u>52</u>

The directors' of the Company between 1 January and 9 August 2018 were remunerated by Wearwell Group Limited. From 10 August 2018 the directors' were remunerated by Wear To Work Solutions Limited.

WEARWELL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Interest receivable

	2017 £	2016 £
Other interest receivable	<u>37</u>	<u>-</u>

8. Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	<u>8,096</u>	<u>14,853</u>

9. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	-	207,764
Adjustments in respect of previous periods	-	(4,736)
Total current tax	<u>-</u>	<u>203,028</u>
Deferred tax		
Origination and reversal of timing differences	<u>-</u>	<u>(5,168)</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>197,860</u>

WEARWELL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>720,050</u>	<u>734,924</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	138,610	146,985
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	5,781
Capital allowances for year in excess of depreciation	3,370	-
Adjustments to tax charge in respect of prior periods	-	(4,736)
Other tax (relief)/charge on exceptional items	(114,169)	55,750
Group relief	(27,811)	(5,920)
Total tax charge for the year	<u>-</u>	<u>197,860</u>

Factors that may affect future tax charges

There are no known factors of significance that will affect the future tax charges of the business.

10. Dividends

	2017 £	2016 £
Ordinary dividends	<u>-</u>	<u>172,321</u>

WEARWELL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Exceptional items

	2017 £	2016 £
Slow-moving and obsolete stock provisions	-	278,750

Exceptional expenditure in the year to 31 December 2016 has been recognised in respect of stock provisions. This has been recognised as a prior year adjustment and further details can be found in note 23.

12. Intangible assets

	Computer software £
Cost	
Additions	5,800
At 31 December 2017	5,800
Amortisation	
Charge for the year	97
At 31 December 2017	97
Net book value	
At 31 December 2017	5,703
At 31 December 2016	-

WEARWELL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 January 2017	876,257	404,370	68,860	237,196	1,586,683
Additions	-	3,350	-	19,320	22,670
Revaluations	691,740	-	-	-	691,740
At 31 December 2017	1,567,997	407,720	68,860	256,516	2,301,093
Depreciation					
At 1 January 2017	417,997	312,380	46,615	228,787	1,005,779
Charge for the year on owned assets	-	26,964	8,783	12,107	47,854
At 31 December 2017	417,997	339,344	55,398	240,894	1,053,633
Net book value					
At 31 December 2017	1,150,000	68,376	13,462	15,622	1,247,460
At 31 December 2016	458,260	91,990	22,245	8,409	580,904

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Freehold	1,150,000	458,260

The freehold land and property was valued during the year on 29 June 2017. The property valuation was performed on an open market with vacant possession basis by Phil Glenn, MRICS of Innes England Ltd, a registered firm of chartered surveyors.

WEARWELL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2017 £	2016 £
Cost	876,257	876,257
Accumulated depreciation	(447,692)	(417,997)
Net book value	428,565	458,260

14. Stocks

	2017 £	As restated 2016 £
Raw materials and consumables	205,702	296,493
Work in progress	473,484	631,663
Finished goods and goods for resale	345,466	581,483
	1,024,652	1,509,639

Stock recognised in cost of sales during the year as an expense was £3,675,709 (2016 - £4,526,447) .

An impairment loss of £Nil (2016 - £278,750) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

15. Debtors

	2017 £	2016 £
Trade debtors	1,620,884	1,926,037
Amounts owed by group undertakings	2,098,610	955,931
Other debtors	585	284
Prepayments and accrued income	76,855	27,873
	3,796,934	2,910,125

An impairment loss of £Nil (2016: £Nil) was recognised in administrative expenses against trade debtors during the year due to irrecoverable balances.

WEARWELL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	818,580	1,047,554

17. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Bank loans	-	42,041
Trade creditors	759,133	1,034,954
Amounts owed to group undertakings	278,332	-
Corporation tax	-	207,764
Other taxation and social security	129,864	111,108
Other creditors	-	287
Accruals and deferred income	174,707	42,853
	1,342,036	1,439,007

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

	2017	2016
	£	£
Bank loans	-	469,712

WEARWELL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year		
Bank loans	-	42,041
Amounts falling due 1-2 years		
Bank loans	-	44,134
Amounts falling due 2-5 years		
Bank loans	-	140,224
Amounts falling due after more than 5 years		
Bank loans	-	285,354
	<hr/> -	<hr/> 511,753
	<hr/>	<hr/>

The bank loan had a limit of £949,000 and is for a period of 19 years and 5 months from first drawdown and is repayable in equal monthly installments. Interest on the loan is charged at a rate of 2.36% over the bank base rate.

The loans are stated net of arrangement fees of £9,350 which are being spread over the period of the loan. The charge for the year in respect of these fees was £500 (2016: £850).

The bank loan and overdraft was secured by a mortgage over the freehold property and by a fixed and floating charge over the assets of the company. There was also an Unlimited Multilateral Guarantee by Wearwell (UK) Limited, Tecwear Limited and Wearwell Group Limited in respect of all group borrowings.

All loans were repaid during the year and the related securities, being the secured mortgage charge and Unlimited Multilateral Guarantee were satisfied.

20. Deferred taxation

	2017 £
At beginning of year	(16,523)
Charged to profit or loss	-
At end of year	<hr/> (16,523) <hr/>

WEARWELL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

20. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2017 £
Accelerated capital allowances	<u><u>(16,523)</u></u>

21. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
146,178 Ordinary shares of £1 each	<u><u>146,178</u></u>	<u><u>146,178</u></u>

22. Reserves**Share premium account**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Revaluation reserve

This reserve records movements on the fair value of freehold land and property purchased by the company.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Other reserves

The other reserve arose on the acquisition of the business and represents the excess value of the net assets acquired over the amount paid.

Profit and loss account

Includes all current and prior period distributable retained profits and losses.

WEARWELL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

23. Prior year adjustment

Upon acquisition of the business by a new parent company during the year, a review of the company's stock valuation policies was undertaken. A fundamental error in provisions for slow-moving and obsolete stocks has been identified relating to prior years totalling £593,085.

Of this, £278,750 was identified as relating to under-provisions in the year ended 31 December 2016 and £314,335 was identified as relating to periods ending 31 December 2015 and prior.

As a result of the above finding, an adjustment has been made to the opening balances as at 1 January 2016 of £314,335 between stocks and the profit and loss reserve. For the year ended 31 December 2016, an exceptional cost of sale of £278,750 has been recognised in the Statement of Comprehensive Income, with a corresponding reduction to the value of stocks held as at 31 December 2016.

The resulting impact of this adjustment has been to reduce the Company's stocks and profit and loss reserve as at 31 December 2016 by £593,085.

24. Contingent liabilities

The Company has entered into an unlimited guarantee to secure the borrowings of other companies in the group. As at 31 December 2017, group borrowings under this arrangement totalled £3,250,000 (2016: £Nil).

25. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £6,157 (2016: £4,369). Contributions totalling £411 (2016: £Nil) were payable to the fund at the reporting date and are included in creditors.

26. Related party transactions

The Company has taken advantage of the exemption available under Section 33.1A of FRS102 from disclosing related party transactions and balances with other companies that are wholly owned as part of the Group.

27. Ultimate parent undertaking and controlling party

As at 31 December 2017, the immediate parent undertaking was Wearwell Group Limited, a company registered in England and Wales.

At 31 December 2017, the ultimate parent undertaking was Wear to Work Solutions Limited, a company registered in England and Wales. Consolidated financial statements are publically available from Gargarin, Lichfield Road, Tamworth, Staffordshire, B79 7TR.

As at 31 December 2017, there is no ultimate controlling party.



Companies House

COMPANY NAME: WEARWELL (UK) LIMITED
COMPANY NUMBER: 02993093

Pages containing unnecessary material were administratively removed from the accounts on 14/09/2018.