

Registered number: 02993093

# **WEARWELL (UK) LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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**WEARWELL (UK) LIMITED**

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## **WEARWELL (UK) LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Introduction**

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006, for the year ended 31 December 2021.

#### **Business review**

The Group of which the Company is a part operates as manufacturer and provider of corporate apparel in the United Kingdom. The Group 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 manufacture and supply into a diverse range of sectors including Laundries, Automotive, Manufacturing, Retail, Healthcare, Airlines, Travel, Distribution, Public Sector, Hospitality, Facilities Management, Leisure, and Beauty.

We continue to develop new and innovative products and solutions for our customers which we believe to be the key to future growth and success.

Our Wearwell garments remain a strong performer in less hazardous environments, but we pride ourselves in our products being highly functional and design driven. Garment performance remains a primary driver of our business and we continually monitor product quality.

2021 saw the sales of the HEROCK brand increase with new customers gained. This brand is aimed at the younger work force (18 – 35) as the brand is very much focused on fashion and functionality. We will continue to open more new revenue streams as this brand is aimed at the DIY retail stores, builders' merchants, plumbing centres and electrical wholesalers. We are also looking at partnering with a major sports event to help gain brand awareness.

We continue to investment in our website, and this has been invaluable through the COVID-19 pandemic. Wearwell has seen record sales via its website. It has allowed us to reach new customers.

We have been conducting internal sales workshops and as a result have been getting ready to roll out a new 5 year strategy, we plan on adding more sales members to the team in 2022.

The company continues to invest and in 2022 it plans for the implementation a new IT system, which will provide a complete solution for all areas of the business.

The statutory profit for the year ended 31 December 2021 was 370,016 (2020: profit £1,074,837) but before exceptional costs the business generated a pre-tax profit of £632,886 (2020: profit £1,460,311). Management is pleased with this result and look forward to further positive developments in 2022.

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## **WEARWELL (UK) LIMITED**

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### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Principal risks and uncertainties**

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

##### **COVID-19**

The Group has been impacted by COVID-19, but the directors are pleased to report that while turnover was lower in 2021 compared to 2020, no customers were lost because of the global pandemic. For the first three quarters of 2021 demand was lower than 2020 due to all sectors recovering from the effects of Covid-19. The final quarter of 2021 saw orders increasing on a record scale, but due to manufacture timings these sales will be realised in first quarter 2022.

The Group is proud to have been able to support its customers with the manufacture of PPE during the pandemic and the recovering months after the lock downs. Our strategy and positioning for 2022 is to refocus on its competencies being the design and manufacture of Workwear and Corporate clothing.

The business remains financially strong and cash generative. The Directors have considered the going concern status of the business through to the end of 2022 and are comfortable that the business will be able to operate within existing facilities throughout that period.

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

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

##### **Market risk**

The Group 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 Group's turnover.

##### **Credit risk**

The Group has implemented credit control policies that require credit checks on all potential customers before sales are made. We then carry out periodic credit checks to manage any adjustments required to their terms to further reduce any credit risk. The amount of exposure to any individual customer is subject to a limit, which is regularly reassessed by the Directors.

##### **Liquidity risk**

The financial stability of the Group depends on its future trading performance and liquidity. The Group regularly prepare profit and cash flow forecasts based on likely levels of demand. Resulting working capital projections are reviewed regularly to ensure cash resources are adequate and levels of working capital are supported through the funding facilities available.

##### **Supply chain management**

The Group 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 Group monitors the domestic political and financial factors of the countries in which its suppliers operate.

During the year the Group has conducted a supply chain review and as a result has re-organised the North African supply chain.

##### **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.

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**WEARWELL (UK) LIMITED**

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**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 arisen from the uncertainty that Brexit brings. Areas of potential risk are, exchange rate, changes in tariffs and duties, and economic uncertainty. The directors will continue to monitor the 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 Group premises and others affected by the Group's activities. The Group 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 Group 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.

**Key performance indicators**

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

	2021	2020
Gross margin percentage	29.0 %	35.0%
EBITDA*	£514,699	£1,352,268
EBITDA* before exceptional costs	£689,457	£1,520,276
Net assets	£7,847,056	£7,477,040

\*Earnings before Interest, Taxation, Depreciation and Amortisation

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 29 September 2022

and signed on its behalf.



**R Wright**  
**Director**

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**WEARWELL (UK) LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The Directors present their report and the financial statements for the year ended 31 December 2021.

**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 £370,016 (2020 - £1,074,837).

The Directors did not recommend the payment of a dividend during the year (2020: £Nil).

**Directors**

The Directors who served during the year were:

C Rooney (resigned 31 July 2022)  
R Wright

**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.

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**WEARWELL (UK) LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**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**

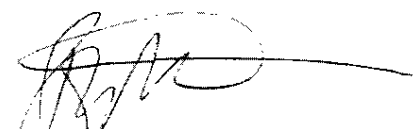
There have been no significant events affecting the Company since the year end.

**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 29 September 2022

and signed on its behalf.



**R Wright  
Director**

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**WEARWELL (UK) LIMITED**

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

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**Opinion**

We have audited the financial statements of Wearwell (UK) Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Balance sheet, 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 2021 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**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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



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**WEARWELL (UK) LIMITED**

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

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out 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.

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**WEARWELL (UK) LIMITED**

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

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**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.

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

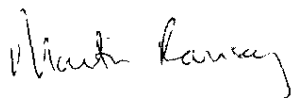
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- A review of legal and professional expense nominal accounts for any indications of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Performing audit work over the risk of management override of controls, including testing of larger or otherwise unusual journal entries and other adjustments for appropriateness.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://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 directors, 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 directors 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 directors, as a body, for our audit work, for this report, or for the opinions we have formed.



Martin Ramsey BSc (Hons) FCCA (Senior statutory auditor)  
for and on behalf of

**MHA MacIntyre Hudson (Statutory auditors)**  
Birmingham, United Kingdom

Date: 29 September 2022

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**WEARWELL (UK) LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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	Note	2021 £	2020 £
Turnover	4	6,018,352	7,767,770
Cost of sales		(4,270,722)	(5,049,137)
<b>Gross profit</b>		<b>1,747,630</b>	<b>2,718,633</b>
Administrative expenses		(1,275,400)	(1,394,459)
Exceptional administrative expenses	9	(174,758)	(168,008)
Other operating income	5	173,686	151,919
<b>Operating profit</b>	6	<b>471,158</b>	<b>1,308,085</b>
Interest payable and similar expenses		(13,030)	(15,782)
<b>Profit before tax</b>		<b>458,128</b>	<b>1,292,303</b>
Tax on profit	8	(88,112)	(217,466)
<b>Profit for the financial year</b>		<b>370,016</b>	<b>1,074,837</b>

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 13 to 29 form part of these financial statements.

**WEARWELL (UK) LIMITED**  
**REGISTERED NUMBER: 02993093**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	10	1,954	2,223
Tangible assets	11	1,272,335	1,309,504
		<u>1,274,289</u>	<u>1,311,727</u>
<b>Current assets</b>			
Stocks	12	2,101,839	1,748,817
Debtors: amounts falling due within one year	13	7,442,810	6,876,327
Cash at bank and in hand		978,467	812,789
		<u>10,523,116</u>	<u>9,437,933</u>
Creditors: amounts falling due within one year	14	(3,211,834)	(2,431,303)
<b>Net current assets</b>		<u>7,311,282</u>	<u>7,006,630</u>
<b>Total assets less current liabilities</b>		<u>8,585,571</u>	<u>8,318,357</u>
Creditors: amounts falling due after more than one year	15	(719,373)	(779,493)
<b>Provisions for liabilities</b>			
Deferred tax	17	(19,142)	(25,406)
Other provisions	18	-	(36,418)
		<u>(19,142)</u>	<u>(61,824)</u>
<b>Net assets</b>		<u><u>7,847,056</u></u>	<u><u>7,477,040</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	146,178	146,178
Share premium account	20	132,943	132,943
Revaluation reserve	20	691,740	691,740
Capital redemption reserve	20	71,463	71,463
Merger reserve	20	692,696	692,696
Profit and loss account	20	6,112,036	5,742,020
		<u><u>7,847,056</u></u>	<u><u>7,477,040</u></u>

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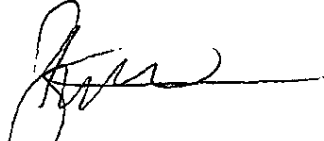
**WEARWELL (UK) LIMITED**  
**REGISTERED NUMBER: 02993093**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2021**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
29 September 2022



**R Wright**  
**Director**

The notes on pages 13 to 29 form part of these financial statements.

**WEARWELL (UK) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Merger reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2020</b>	146,178	132,943	71,463	691,740	692,696	4,667,183	6,402,203
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	1,074,837	1,074,837
<b>At 1 January 2021</b>	146,178	132,943	71,463	691,740	692,696	5,742,020	7,477,040
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	370,016	370,016
<b>At 31 December 2021</b>	146,178	132,943	71,463	691,740	692,696	6,112,036	7,847,056

The notes on pages 13 to 29 form part of these financial statements.

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## **WEARWELL (UK) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Wearwell (UK) Limited is a private company limited by shares incorporated in England. The address of the registered office and principal place of business 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's 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 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- 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 2021 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 directors have considered a forecast period of 12 months and believe that the Company and Group have access to sufficient resources to allow their continuance as a going concern. Therefore, the going concern basis of accounting has been adopted.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.4 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**2.5 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.

**2.6 Government grants**

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.7 Finance costs**

Finance costs are charged to profit or loss 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.

**2.8 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.9 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet 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. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

**2.10 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.11 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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**2.12 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.

Land is not depreciated. Depreciation on other assets 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:

Freehold property	- 2% per annum
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 profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.13 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 Balance sheet 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.

**2.14 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 balance sheet 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.

**2.15 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.

**2.16 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.

**2.17 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.18 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 balance sheet date.

**2.19 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.

**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 doubtful or irrecoverable. The provision is to reduce the value of the debtor to its estimated realisable value.

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**WEARWELL (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**4. Turnover**

Turnover represents the manufacture and wholesale distribution of workwear products.

All turnover arose within the United Kingdom.

**5. Other operating income**

	<b>2021</b>	2020
	£	£
Net rents receivable	-	3,600
Government grants receivable - furlough	<b>173,686</b>	148,319
	<u><b>173,686</b></u>	<u>151,919</u>

**6. Operating profit**

The operating profit is stated after charging:

	<b>2021</b>	2020
	£	£
Depreciation of tangible fixed assets	<b>42,127</b>	43,023
Amortisation of intangible assets	<b>1,414</b>	1,160
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<b>15,750</b>	15,000
Exchange differences	<b>1,514</b>	6,380
Defined contribution pension cost	<u><b>19,500</b></u>	<u>23,367</u>

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**WEARWELL (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. Employees**

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	943,684	1,153,357
Social security costs	89,011	102,328
Cost of defined contribution scheme	19,500	23,367
	<u>1,052,195</u>	<u>1,279,052</u>

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

	2021 No.	2020 No.
Production and sales	36	39
Management and administration	21	28
	<u>57</u>	<u>67</u>

The directors of the Company are remunerated through the ultimate parent undertaking, Wear to Work Solutions Limited.

**8. Taxation**

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	94,376	208,583
<b>Total current tax</b>	<u>94,376</u>	<u>208,583</u>
Origination and reversal of timing differences	(6,264)	8,883
<b>Total deferred tax</b>	<u>(6,264)</u>	<u>8,883</u>
<b>Taxation on profit on ordinary activities</b>	<u>88,112</u>	<u>217,466</u>

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**WEARWELL (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>458,128</u>	<u>1,292,303</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	<b>87,044</b>	245,594
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	418
Other differences leading to a (decrease)/increase in the tax charge	<b>1,068</b>	(1,890)
Group relief	-	(26,656)
<b>Total tax charge for the year</b>	<u><b>88,112</b></u>	<u><b>217,466</b></u>

**Factors that may affect future tax charges**

In the spring budget 2021, the UK Government announced that the UK corporation tax rate would increase to 25% with effect from 1 April 2023. the effects of which are immaterial in the current year.

**9. Exceptional items**

	2021 £	2020 £
Redundancy costs	<b>1,072</b>	19,689
Furloughed staff costs	<b>173,686</b>	148,319
	<u><b>174,758</b></u>	<u><b>168,008</b></u>

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**WEARWELL (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**10. Intangible assets**

	<b>Computer software £</b>
<b>Cost</b>	
At 1 January 2021	5,800
Additions	1,145
At 31 December 2021	<u>6,945</u>
<b>Amortisation</b>	
At 1 January 2021	3,577
Charge for the year	1,414
At 31 December 2021	<u>4,991</u>
<b>Net book value</b>	
At 31 December 2021	<u>1,954</u>
At 31 December 2020	<u>2,223</u>



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**WEARWELL (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. Tangible fixed assets**

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2021	1,150,000	528,508	54,861	360,936	2,094,305
Additions	-	455	-	4,503	4,958
At 31 December 2021	1,150,000	528,963	54,861	365,439	2,099,263
<b>Depreciation</b>					
At 1 January 2021	-	407,005	53,768	324,028	784,801
Charge for the year	-	17,669	-	24,458	42,127
At 31 December 2021	-	424,674	53,768	348,486	826,928
<b>Net book value</b>					
At 31 December 2021	1,150,000	104,289	1,093	16,953	1,272,335
At 31 December 2020	1,150,000	121,503	1,093	36,908	1,309,504

All of the Company's freehold property is held at valuation.

The valuation was performed on an open market with vacant possession basis by the board of directors using market-based information available at the time of assessment.

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

	2021 £	2020 £
Cost	876,257	876,257
Accumulated depreciation	(566,247)	(536,597)
<b>Net book value</b>	<b>310,010</b>	<b>339,660</b>

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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**12. Stocks**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Raw materials and consumables	<b>318,142</b>	362,788
Work in progress	<b>1,239,509</b>	1,121,320
Finished goods and goods for resale	<b>544,188</b>	264,709
	<b>2,101,839</b>	<b>1,748,817</b>

The reversal of impairment losses of £241,883 (2020 - £Nil) was recognised in cost of sales against stock during the year in respect of previously impaired slow-moving and obsolete stocks.

**13. Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>1,710,391</b>	1,204,231
Amounts owed by group undertakings	<b>5,707,915</b>	5,649,941
Other debtors	<b>724</b>	1,505
Prepayments and accrued income	<b>23,780</b>	20,650
	<b>7,442,810</b>	<b>6,876,327</b>

An impairment loss of £Nil (2020: £4,270) was recognised in administrative expenses against trade debtors during the year due to irrecoverable balances.

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**WEARWELL (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Bank loan	22,203	21,670
Bank loan - commercial mortgage	35,044	34,040
Trade creditors	1,018,385	492,260
Corporation tax	93,924	208,614
Other taxation and social security	140,717	217,948
Invoice discounting facility	1,535,235	1,058,276
Other creditors	-	785
Accruals and deferred income	366,326	397,710
	<u>3,211,834</u>	<u>2,431,303</u>

The invoice discounting facility is secured by a fixed and floating charge over the Company's assets.

The nature and form of security given over the bank loan and mortgage are detailed in note 15.

**15. Creditors: Amounts falling due after more than one year**

	2021 £	2020 £
Bank loan	26,396	49,026
Bank loan - commercial mortgage	692,977	730,467
	<u>719,373</u>	<u>779,493</u>

The bank loan and mortgage are secured by a legal mortgage over the Company's freehold property, as well as fixed and floating charges over all assets of the Company, its parent Wearwell Group Limited and its ultimate parent Wear to Work Solutions Limited.

The bank loan is payable over 5 years with an initial fixed interest rate of 2.48% per annum for a period of 12 months. Thereafter interest accrues at a variable rate of Bank of England base rate plus 1.49% per annum.

The mortgage is payable until February 2039 and accrues interest at a variable rate of Bank of England base rate plus 1.49% per annum.

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**WEARWELL (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**16. Loans**

Analysis of the maturity of loans is given below:

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
Bank loan	22,203	21,670
Mortgage	35,044	34,040
	<u>57,247</u>	<u>55,710</u>
<b>Amounts falling due 1-2 years</b>		
Bank loan	22,209	21,670
Mortgage	34,933	34,040
	<u>57,142</u>	<u>55,710</u>
<b>Amounts falling due 2-5 years</b>		
Bank loan	4,187	27,356
Mortgage	104,799	102,121
	<u>108,986</u>	<u>129,477</u>
<b>Amounts falling due after more than 5 years</b>		
Mortgage	553,245	594,306
	<u>776,620</u>	<u>835,203</u>

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**WEARWELL (UK) LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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**17. Deferred taxation**

	2021 £
At beginning of year	(25,406)
Charged to profit or loss	6,264
<b>At end of year</b>	<b>(19,142)</b>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	<b>(19,142)</b>	(25,406)

**18. Provisions**

	Other provision £
At 1 January 2021	36,418
Utilised in year	(36,418)
<b>At 31 December 2021</b>	<b>-</b>

**19. Share capital**

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
146,178 (2020 - 146,178) Ordinary shares of £1.00 each	<b>146,178</b>	146,178

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**WEARWELL (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**20. 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.

**Merger Reserve**

The merger reserve arose on the acquisition of a business.

**Profit and loss account**

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

**21. Pension commitments**

The Company operates a defined contributions 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 £19,500 (2020: £23,367). Contributions totalling £Nil (2020: £357) were payable to the fund at the Balance sheet date and are included in creditors.

**22. Commitments under operating leases**

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	27,422	20,098
Later than 1 year and not later than 5 years	30,674	27,835
	<u>58,096</u>	<u>47,933</u>

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**WEARWELL (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**23. Controlling party**

As at 31 December 2021 and 31 December 2020, the immediate parent company was Wearwell Group Limited, a company registered in England and Wales.

As at 31 December 2021 and 31 December 2020, the ultimate parent company was Wear to Work Solutions Limited, a company registered in England and Wales.

The largest and smallest group in which the results of Wearwell (UK) Limited for the year to 31 December 2021 are consolidated is that headed by Wear to Work Solutions Limited.

As at 31 December 2021 and 31 December 2020, there is no single ultimate controlling party.