

# **Incorporatewear Limited**

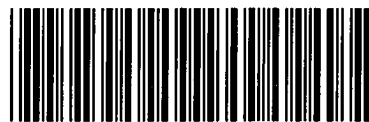
## **Report and Financial Statements**

**Year ended**

**30 June 2018**

**Company number: 03240384**

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# **Incorporatewear Limited**

## **Annual report and financial statements for the year ended 30 June 2018**

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### **Directors**

D.D Swan  
D.A Baxby

### **Registered office**

Hams Hall National Distribution Park, Edison Road, Coleshill, Warwickshire, United Kingdom, B46 1DA

### **Company Secretary**

A.G Secretarial Ltd

### **Company number**

03240384

### **Auditor**

Ernst & Young LLP, No.1 Colmore Square, Birmingham B4 6HQ, United Kingdom

### **Bankers**

HSBC Bank plc, 120 Edmund Street, Birmingham, B3 2QZ

# **Incorporatewear Limited**

## **Strategic report for the year ended 30 June 2018**

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### **Principal activity and business review**

The principal activity of the Group is the design, supply and management of corporate clothing for business use.

During the year Incorporatewear has continued to respond and react to the global economic and social pressures. The business has continued to focus on improving offshore manufacturing costs to mitigate inflationary pressures.

The business continues to embrace the ownership by Workwear Group and the continuous improvement in principals, policies, processes and ethical controls required by any publicly owned company. Shared best practice and resource sharing also continue to develop to keep pace with the ever-changing world economy.

Since the acquisition of Incorporatewear Unipessoal Lda in Portugal in September 2015, Incorporatewear continues to work alongside the management to develop the opportunities for future growth, increase profitability and improve working practices whilst maximising the raw inventory planning around the various manufacturing centres being used.

Whilst sales showed a decline of 14% from the previous year, product development and a close relationship with our supply chain has shown positive results and gross margin has increased to 29.4% from 23.9% in the prior year. Good cost control has also led to a decrease in administrative expenses helping operating profit to increase to £1.8m for the year.

Incorporatewear recognises the need to improve its IT systems and customer reporting. The development of departmental specific modules with data interfaces continues to evolve and the development of a new ERP system will continue into the next financial year.

We will continue to work on the integration of Incorporatewear Unipessoal Lda to maximise the competitive advantage and employee skill sets. It is expected that this integration will change the focus of that business for future demands and ever changing global supply conditions and regional variances.

With continued uncertainty around Brexit and the impact on UK trade, the Directors remain cautious about future growth and customer behaviour. An adverse outcome in Britain's departure from the European Union would have implications in the short term, mainly associate with smoothness of trade, however plans are in place to ensure the Company's supply chain continues as normal in the event of border disruptions. The company is also aware of the possibility of significant exchange rate fluctuations and has use of group treasury resources should there be a significant downturn in the currency markets.

### **Key performance indicators**

The Key Performance Indicators ("KPIs") used to monitor business performance were as follows:

	<b>2018</b>	<b>2017</b>
KPI:		
Gross margin	<b>30.7%</b>	<b>23.9%</b>
Return on capital employed	<b>29.5%</b>	<b>(15.5%)</b>
Operating cashflow	<b>£1,514,808</b>	<b>£2,526,111</b>

The directors are satisfied with the KPIs during the year.

**Incorporatewear Limited**  
**Strategic report**  
**for the year ended 30 June 2018 (continued)**

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**Key performance indicators (continued)**

The directors are satisfied with the KPIs during the year.

Gross margin is calculated from gross profit divided by turnover for the year. Gross margin has increased due to product development and a close relationship with our supply chain.

Return on capital employed is calculated from profit on ordinary activities after tax divided by net assets at the year end.

Operating cashflow is calculated from profit after tax adjusted for movements in working capital and non-cash profit items. Operating cashflow has reduced due to movements in trade debtor balances.

**Principal risks and uncertainties**

The significant risks and uncertainties are set out below.

The price of many raw materials is dependent upon movements in commodity prices. In order to reduce this risk, the Group sources from various suppliers across the world enabling sources of supply to be switched.

The majority of the Group's purchases are denominated in foreign currency, particularly Euro and US Dollars. In order to reduce the Group's exposure to currency fluctuations the Group uses the Treasury facilities offered by the wider Group structure to minimise risk where possible. However, the company does not hedge directly.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant

In common with other industrial businesses the Group is subject to risks associated with the environment. The Group manages these risks by continual review of its processes to identify opportunities for improvement, whilst ensuring that the supply chain standards are met or exceeded at all times.

The Group has no external debt but is financed by inter-company loans from the immediate parent company. The Group is reliant upon the continued support of the parent company, which has been given via a letter of support, in order to mitigate this risk

**On behalf of the board**

  
**D D Swan**  
**Director**  
27 March 2019

  
**D A Baxby**  
**Director**  
27 March 2019

# **Incorporatewear Limited**

## **Report of the Directors for the year ended 30 June 2018**

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The Directors present their report together with the audited financial statements for the year ended 30 June 2018.

### **Results and dividends**

The profit for the year after taxation amounted to £1,682,759 (2017 - loss of £668,987). The directors recommended and paid an interim dividend of £nil (2017 - £nil).

No final dividend (2017 - £nil) is recommended.

### **Research and Development**

Research and development activities consist primarily of devising innovative design and manufacturing processes. Internal resource relating to research activities are expensed as incurred.

### **Directors**

The directors who served the company during the year and to the current date are as follows:

D D Swan  
D A Baxby

### **Directors' liabilities**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### **Going concern**

After making appropriate enquiries, the directors consider that the Group has adequate resources to continue in operation for the foreseeable future. In forming this view the directors have reviewed budgets, cashflow forecasts and other financial information, including a letter of support received from the immediate parent Company, for the next 12 months. For this reason, they continue to adopt the going concern basis in preparing the accounts.

### **Year-end date**

As permitted by the Companies Act the accounts for the Company have been prepared for the period up to 28 June 2018 reflective of the wider Group's month end. The subsidiary accounts of Incorporatewear Unipessoal Lda have been included in the consolidated accounts up to the date of 30 June 2018. The prior year comparatives were for the year ended 30 June 2017.

# Incorporatewear Limited

## Report of the Directors for the year ended 30 June 2018 (continued)

### Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to:

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

The directors are responsible for keeping proper 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.

### Disclosure of Information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

Following the year end, Ernst & Young LLP were appointed as auditors. A resolution will be proposed to reappoint Ernst & Young LLP as auditors.

### On behalf of the board

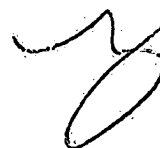


**D D Swan**  
Director

27 March 2019



**D A Baxby**  
Director



27 March 2019

## **Independent auditor's report to the members of Incorporatewear Limited**

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### **Opinion**

We have audited the financial statements of Incorporatewear Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 30 June 2018 which comprise the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash flow Statement, the parent company Statement of Changes in Equity, the parent company Balance Sheet, the parent company Cash flow Statement and the related notes 1 to 19, 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 FRS 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 group's and of the parent company's affairs as at 30 June 2018 and of the group's 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 below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 group's or the parent 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.

### **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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

**Other information (continued)**

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 parent company 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

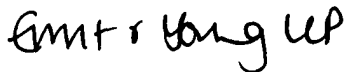
**Auditor's responsibilities for the audit of the financial statements**

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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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

A handwritten signature in black ink, appearing to read 'Lorna McNeil', is written over the printed name.

Lorna McNeil (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham

29 March 2019

# Incorporatewear Limited

## Consolidated income statement for the year ended 30 June 2018

	Note	2018 £	2017 £
<b>Turnover</b>	3	<b>24,182,544</b>	<b>28,079,628</b>
<b>Cost of sales</b>		<b>(16,747,669)</b>	<b>(21,373,426)</b>
<b>Gross profit</b>		<b>7,434,875</b>	<b>6,706,202</b>
Distribution costs		(618,548)	(1,262,731)
Administrative expenses		(4,664,949)	(5,428,750)
Other operating income		-	19,233
<b>Operating profit</b>	4	<b>2,151,378</b>	<b>33,954</b>
Group interest payable		(249,004)	(545,299)
<b>Profit/ (loss) on ordinary activities before taxation</b>		<b>1,902,374</b>	<b>(511,345)</b>
Tax on profit/ (loss) on ordinary activities	6	(219,615)	(157,642)
<b>Profit/ (loss) for the financial year</b>		<b>1,682,759</b>	<b>(668,987)</b>

All of the activities of the Group are classed as continuing.

There is no comprehensive income in addition to the amounts disclosed in the income statement above and therefore no separate statement has been presented.

The notes on pages 15 to 28 form part of these financial statements.

# Incorporatewear Limited

## Consolidated statement of changes in equity for the year ended 30 June 2018

	Share capital	Share premium account	Capital redemption reserve	Foreign exchange reserve	Retained earnings	Attributable to equity holders of the parent
	£	£	£	£	£	£
Balance at 1 July 2016	996,416	853,721	12,000	152,566	2,878,587	4,893,290
Prior year adjustment (note 19)	-	-	-	-	(318,000)	(318,000)
Balance at 1 July 2016	996,416	853,721	12,000	152,566	2,560,587	4,575,290
Loss for the year	-	-	-	-	(668,987)	(668,987)
Translation on consolidation	-	-	-	100,721	-	100,721
Total comprehensive income	-	-	-	100,721	(668,987)	(568,266)
Balance at 30 June 2017	996,416	853,721	12,000	253,287	1,891,600	4,007,024
Profit for the year	-	-	-	-	1,682,759	1,682,759
Translation on consolidation	-	-	-	11,570	-	11,570
Total comprehensive income	-	-	-	11,570	1,682,759	1,694,329
Balance at 30 June 2018	996,416	853,721	12,000	264,857	3,574,359	5,701,353

### **Share capital**

Represents the nominal value of shares that have been issued.

### **Share premium account**

The share premium account represents the proceeds that were above the nominal value from issuance of the Company's equity share capital comprising £1 shares.

### **Capital redemption reserve**

The capital redemption reserve has arisen on the cancellation of previously issued shares and represents the nominal value of those shares cancelled.

### **Foreign exchange reserve**

The foreign exchange reserve records the exchange rate movements on consolidation of foreign currency denominated subsidiary entities.

### **Retained earnings**

Retained earnings include the accumulated profits arising from the income statement and items from the statement of comprehensive income attributable to equity shareholders, less distributions to shareholders.

The notes on pages 15 to 28 form part of these financial statements

# Incorporatewear Limited

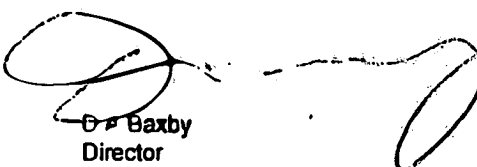
## Consolidated balance sheet for the year ended 30 June 2018

Company no: 03240384

	Note	2018	2017 as restated (note 19)
		£	£
<b>Fixed assets</b>			
Goodwill	7	378,717	582,641
Intangible assets	7	419,212	419,212
Tangible assets	8	594,204	888,449
		<b>1,392,133</b>	<b>1,890,302</b>
<b>Current assets</b>			
Stocks	10	6,518,968	6,653,105
Debtors due less than one year	11	5,816,346	5,852,155
Cash at bank and in hand		3,922,639	2,660,409
		<b>16,257,953</b>	<b>15,165,669</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(11,948,733)</b>	<b>(13,045,314)</b>
<b>Net current assets</b>		<b>4,309,220</b>	<b>2,120,355</b>
<b>Total assets less current liabilities</b>		<b>5,701,353</b>	<b>4,010,657</b>
<b>Provision for liabilities</b>	13		(3,633)
<b>Net assets</b>		<b>5,701,353</b>	<b>4,007,024</b>
<b>Capital and reserves</b>			
Share capital	14	996,416	996,416
Share premium account		853,721	853,721
Capital redemption reserve		12,000	12,000
Foreign exchange reserve		264,857	253,287
Profit and loss account		3,574,359	1,891,600
<b>Shareholders' funds</b>		<b>5,701,353</b>	<b>4,007,024</b>

The accounts were approved by the Board of Directors on 27 March 2019.

  
D D Swan  
Director

  
D P Baxby  
Director

The notes on pages 15 to 28 form part of these financial statements.

# Incorporatewear Limited

## Consolidated cash flow statement at 30 June 2018

	Note	2018 £	2017 £
<b>Operating activities</b>			
Profit/ (loss) for the year before tax		1,902,374	(511,345)
<i>Adjustments to reconcile profit/ (loss) for the year to net cash inflow/ (outflow) from operating activities:</i>			
Net finance costs		249,004	545,299
Depreciation of tangible fixed assets		299,486	307,196
Amortisation of intangible assets		203,924	145,660
Foreign exchange		9,904	(64,511)
Decrease in stock		134,137	957,481
(Increase)/ decrease in debtors		(73,370)	3,691,861
Decrease in creditors		(1,254,093)	(2,064,352)
Cashflow from operations		1,471,366	3,007,289
Income tax received/ (paid)		43,442	(481,178)
<b>Net cash inflow from operating activities</b>		<b>1,514,808</b>	<b>2,526,111</b>
<b>Investing activities</b>			
Purchase of intangible assets		-	(419,212)
Purchase of tangible assets		(3,574)	(105,679)
<b>Net cash outflow from investing activities</b>		<b>(3,574)</b>	<b>(524,891)</b>
<b>Financing activities</b>			
Interest paid		(249,004)	(545,299)
<b>Cash outflow from financing activities</b>		<b>(249,004)</b>	<b>(545,299)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,262,230</b>	<b>1,455,921</b>
Cash and cash equivalents at the start of the year		2,660,409	1,204,488
<b>Cash and cash equivalents at the end of the year</b>		<b>3,922,639</b>	<b>2,660,409</b>
Cash and cash equivalents comprise:			
Bank balance		3,922,639	2,660,409

The notes on pages 15 to 28 form part of these financial statements.

# Incorporatewear Limited

## Company statement of changes in equity for the year ended 30 June 2018

	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Attributable to equity holders of the parent
	£	£	£	£	£
Balance at 1 July 2016	996,416	853,721	12,000	2,385,481	4,247,618
Loss for the year	-	-	-	(935,648)	(935,648)
Total comprehensive income	-	-	-	(935,648)	(935,648)
Balance at 30 June 2017	996,416	853,721	12,000	1,449,833	3,311,970
Profit for the year	-	-	-	1,282,790	1,282,790
Total comprehensive income	-	-	-	1,282,790	1,282,790
Balance at 30 June 2018	996,416	853,721	12,000	2,732,623	4,594,760

### **Share capital**

Represents the nominal value of shares that have been issued.

### **Share premium account**

The share premium account represents the proceeds that were above the nominal value from issuance of the Company's equity share capital comprising £1 shares.

### **Capital redemption reserve**

The capital redemption reserve has arisen on the cancellation of previously issued shares and represents the nominal value of those shares cancelled.

### **Retained earnings**

Retained earnings include the accumulated profits arising from the income statement and items from the statement of comprehensive income attributable to equity shareholders, less distributions to shareholders.

The notes on pages 15 to 28 form part of these financial statements.

# Incorporatewear Limited

## Company balance sheet for the year ended 30 June 2018


Company no: 03240384

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	7	419,212	419,212
Tangible assets	8	501,026	773,239
Investments	9	1,577,550	1,577,550
		<b>2,497,788</b>	<b>2,770,001</b>
<b>Current assets</b>			
Stocks	10	5,912,599	6,500,117
Debtors due less than one year	11	5,752,380	5,545,665
Cash at bank and in hand		3,766,989	2,578,162
		<b>15,431,968</b>	<b>14,623,944</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(13,334,996)</b>	<b>(14,078,342)</b>
<b>Net current assets</b>		<b>2,096,972</b>	<b>545,602</b>
<b>Total assets less current liabilities</b>		<b>4,594,760</b>	<b>3,315,603</b>
<b>Provision for liabilities</b>	13		<b>(3,633)</b>
<b>Net assets</b>		<b>4,594,760</b>	<b>3,311,970</b>
<b>Capital and reserves</b>			
Share capital	14	996,416	996,416
Share premium account		853,721	853,721
Capital redemption reserve		12,000	12,000
Profit and loss account		2,732,623	1,449,833
<b>Shareholders' funds</b>		<b>4,594,760</b>	<b>3,311,970</b>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,282,790 (2017 – loss of £935,648).

The accounts were approved by the Board of Directors on 27 March 2019.

  
D D Swan  
Director

  
D A Baxby  
Director



The notes on pages 15 to 28 form part of these financial statements.

# Incorporatewear Limited

## Company cash flow statement at 30 June 2018

	Note	2018 £	2017 £
<b>Operating activities</b>			
Profit/ (loss) for the year before tax		1,379,558	(918,566)
<i>Adjustments to reconcile profit/ (loss) for the year to net cash inflow/ (outflow) from operating activities:</i>			
Net finance costs		249,004	545,299
Depreciation of tangible fixed assets		272,213	274,079
Amortisation of intangible assets		-	-
Decrease/ (increase) in stock		587,518	579,064
Decrease/ (increase) in debtors		(208,183)	3,591,128
(Decrease)/ increase in creditors		(842,279)	(1,514,806)
		<hr/>	<hr/>
Cashflow from operations		1,437,831	2,556,198
Income tax paid		-	(177,335)
		<hr/>	<hr/>
<b>Net cash inflow/ (outflow) from operating activities</b>		<b>1,437,831</b>	<b>2,378,863</b>
		<hr/>	<hr/>
<b>Investing activities</b>			
Purchase of intangible assets		-	(419,212)
Purchase of tangible assets		-	(10,191)
		<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>		<b>-</b>	<b>(429,403)</b>
		<hr/>	<hr/>
<b>Financing activities</b>			
Interest paid		(249,004)	(545,299)
		<hr/>	<hr/>
<b>Cash outflow from financing activities</b>		<b>(249,004)</b>	<b>(545,299)</b>
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>		<b>1,188,827</b>	<b>1,404,161</b>
Cash and cash equivalents at the start of the year		2,578,162	1,174,001
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>		<b>3,766,989</b>	<b>2,578,162</b>
		<hr/>	<hr/>
Cash and cash equivalents comprise:			
Bank balance		3,766,989	2,578,162
		<hr/>	<hr/>

The notes on pages 15 to 28 form part of these financial statements.

# Incorporatewear Limited

## Notes to the financial statements for the year ended 30 June 2018

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### 1 Statement of compliance

Incorporatewear Limited ("the Company") is a limited company incorporated and domiciled in England and Wales. These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 102 – 'The Financial reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006. The principal accounting policies adopted in the preparation of these financial statements are set out below in note 2. These policies have all been applied consistently throughout the year unless otherwise stated.

As permitted by the Companies Act the accounts for the Company have been prepared for the period up to 28 June 2018 reflective of the wider Group's month end. The subsidiary accounts of Incorporatewear Unipessoal Lda have been included in the consolidated accounts up to the date of 30 June 2018. The prior year comparatives were for the year ended 30 June 2017.

The financial statements have been prepared on a historical cost basis and on a going concern basis. The financial statements are presented in Sterling (£), which is the functional currency of the Company.

### 2 Summary of significant accounting policies

#### *Going concern*

After reviewing the Company's forecasts and projections for the next 12 months and having received a letter of support from the direct parent Company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### *Parent Company*

The Company is a wholly owned subsidiary of Wesfarmers Limited, based at Level 14, Brookfield Place Tower 2, 123 St Georges Terrace, Perth 6000, Western Australia, which prepares publicly available consolidated financial statements in accordance with IFRS. This Company is included in the consolidated financial statements of Wesfarmers Limited for the year ended 30 June 2018. Copies of these financial statements may be obtained directly from Wesfarmers website.

#### *Business combinations, basis of consolidation and goodwill*

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination.

# **Incorporatewear Limited**

## **Notes to the financial statements for the year ended 30 June 2018 (continued)**

### **2 Accounting policies (Continued)**

#### ***Business combinations, basis of consolidation and goodwill (continued)***

Assets acquired and liabilities assumed in transactions separate to the business combinations, such as the settlement of pre-existing relationships or post-acquisition remuneration arrangements are accounted for separately from the business combination in accordance with their nature and applicable standards. Identifiable intangible assets are recognised separately from goodwill. Contingent liabilities representing a present obligation are recognised if the acquisition-date fair value can be measured reliably.

If the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) is lower than the fair value of the assets, liabilities and contingent liabilities and the fair value of any pre-existing interest held in the business acquired, the difference is recognised in profit and loss. After initial recognition, goodwill is considered to have a finite useful life and is amortised over a systematic basis over its expected life which is 5 years.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which goodwill is monitored for internal management purposes and will not be larger than an operating segment before aggregation. Goodwill is tested for impairment when indicators of impairment are identified.

The consolidated financial statements incorporate those of Incorporatewear Limited and its subsidiary (i.e. the entity that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 June 2018. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Incorporatewear Unipessoal Lda has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Incorporatewear Unipessoal Lda for the period from its acquisition on 1 September 2015. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

#### ***Revenue recognition***

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer. The Group has two distinct points where these risk and rewards are passed, on receipt of goods into the Company warehouse and on despatch to customers. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax and duty.

# **Incorporatewear Limited**

## **Notes to the financial statements for the year ended 30 June 2018 (continued)**

### **2. Accounting policies (Continued)**

#### ***Revenue recognition (continued)***

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

- the significant risks and rewards of ownership are transferred to the buyer;
- the Group 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 Group 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.

#### ***Intangible fixed assets***

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Computer software is initially recorded at cost. Where these assets have been acquired through a business combination, this will be the fair value allocated in the acquisition accounting. Where these have been acquired other than through a business combination, the initial cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Computer software and other intangible assets are amortised over their useful lives on a straight line basis with the amortisation charge included within other operating expenses.

Estimated useful life is the shorter of legal duration and economic useful life, which represents the directors' best estimate of the period over which the asset may be used to generate significant economic benefits to the Group. Software has an estimated useful life of between 3 years for normal software to 10 years for ERP systems.

Intangible assets in the course of development are tested for impairment annually or more frequently whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses are measured on a similar basis to property, plant and equipment. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

#### ***Fixed asset investments***

Investments in subsidiaries are stated at cost, less impairment, and dividends from subsidiaries are taken to profit or loss when the right to receive payment is established.

#### ***Tangible fixed assets***

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Plant and equipment	- 10 - 20% straight line
Fixtures and fittings	- 10 - 33% straight line
Leasehold improvements	- 10% straight line
Leasehold land & buildings	- 5 - 20% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

# Incorporatewear Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 2 Accounting policies (Continued)

#### **Stock**

Stocks are valued at the lower of cost and net realisable value, which is arrived at as follows:

Raw materials	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	actual cost of direct materials and labour plus attributable overheads based on a normal level of activity but excluding borrowing costs.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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

Cash comprise cash on hand and demand deposits which is presented as cash at bank and in hand in the balance sheet.

#### **Operating leases**

Where the Company is a lessee, payments made under an operating lease agreement are recognised as an expense on a straight-line basis over the lease term. Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains on disposal of property, plant and equipment that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Income tax is charged or credited directly to other comprehensive income or equity if it relates to items that are credited or charged to other comprehensive income or to equity respectively. Otherwise income tax is recognised in the consolidated income statement.

# Incorporatewear Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 2 Accounting policies (Continued)

#### *Foreign currency translation*

The functional and presentation currency of the Company is sterling (£). Transactions in foreign currencies are recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Any resulting exchange differences are taken to the consolidated income statement.

#### *Pension costs*

The company operates a defined contribution pension scheme for employees. The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### *Financial instruments*

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to offset the recognised amounts and there is no intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### *Use of accounting estimates and judgements*

The preparation of financial statements requires management to make estimates and judgements that affect the reported amount of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates and judgements. Where appropriate, details of estimates and assumptions used are set out in the relevant notes to the accounts.

The key figures in the accounts that are most sensitive to such estimates and assumptions are:

- Amortisation of goodwill – an impairment review is performed on an annual basis by allocating goodwill to the businesses that benefitted from the acquisition and reviewing that the recoverable amounts of those businesses are in excess of their carrying value.
- Stock provision – the Group makes provision against those stock items in which recoverability is uncertain. In assessing stock provisions the Group takes account of the number of units despatched over a 12 month period as compared to the number of units held in stock with a provision made against those items in excess of 12 months stock.
- Impairment of property, plant and equipment – the Company performs an impairment review when indications of impairment exist. Impairment testing requires an estimate of future cash flows and the application of a suitable discount rate.

# Incorporatewear Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 3 Turnover

The turnover and profit before tax are attributable to the one principal activity of the Group.

An analysis of turnover by geographical market is given below:

	2018 £	2017 £
United Kingdom	24,048,494	27,995,345
Europe	134,050	84,283
	<u>24,182,544</u>	<u>28,079,628</u>

### 4 Operating profit

This is stated after charging/ (crediting) the following:

	2018 £	2017 £
Foreign currency (gain)	(189,422)	(870,607)
Auditors' remuneration – as auditors of the Group and company	50,000	38,700
Depreciation of owned tangible fixed assets	299,486	307,980
Amortisation of intangible assets	203,924	145,660
Operating leases – land and buildings	357,523	357,523
Operating leases – other	82,824	104,893
Cost of stocks recognised as an expense	<u>16,087,820</u>	<u>20,420,754</u>

# Incorporatewear Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 5 Staff costs

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Wages and salaries	2,950,214	3,622,316	2,622,307	3,195,327
Social security costs	325,977	251,942	240,449	251,942
Pension	25,501	22,841	25,501	22,841
	<u>3,301,692</u>	<u>3,897,099</u>	<u>2,888,257</u>	<u>3,470,110</u>

The average monthly number of persons employed by the company, including Directors during the year was:

	Group		Company	
	2018 Number	2017 Number	2018 Number	2017 Number
Distribution	40	41	40	41
Administration	76	71	64	59
	<u>116</u>	<u>112</u>	<u>104</u>	<u>100</u>

D D Swan and D A Baxby received no remuneration as directors of the Company. D D Swan and D A Baxby are employed by the immediate parent company and their remuneration is disclosed in the Annual Report of that company. The directors do not believe that it is appropriate to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies based on such amounts being immaterial.

# Incorporatewear Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 6 Taxation

	2018 £	2017 £
Current tax:		
Current tax on profit for the year	434,390	162,941
Adjustment in respect of prior years	(138,163)	-
	<u>296,227</u>	<u>162,941</u>
Deferred tax:		
Movement in the year	(48,806)	(5,299)
Adjustment in respect of prior years	(27,253)	-
Effects of change in corporation tax rates	(553)	-
	<u>(76,612)</u>	<u>(5,299)</u>
Tax expense reported in the income statement	<u>219,615</u>	<u>157,642</u>

Adjustment in respect of prior years relates to an adjustment for tax losses carried back to previous years.

#### Reconciliation of total tax charge

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 19% (2017: 20%).

The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	1,902,374	(511,345)
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017: 20%)	361,451	(102,269)
Effects of:		
Expenses not deductible for tax purposes	(15,710)	771
Utilised tax losses carried forward	-	163,036
Movement in deferred tax	-	(5,299)
Permanent capital allowances in excess of depreciation	-	(34,822)
Depreciation/ amortisation on assets not qualifying for tax allowances	-	83,948
Change in tax rate	5,807	-
Effect of overseas tax rates	33,483	29,984
Adjustment to corporation tax charges in respect of previous periods	(165,416)	22,293
Tax expense reported in the income statement	<u>219,615</u>	<u>157,642</u>

Of the total tax expense reported, an amount of £176,907 relates to overseas taxation.

# Incorporatewear Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 7 Intangible fixed assets

#### Group

	Goodwill £	Computer software £	Total £
<b>Cost:</b>			
As at 1 July 2017	873,961	419,212	1,293,173
Additions	-	-	-
<b>At 30 June 2018</b>	<b>873,961</b>	<b>419,212</b>	<b>1,293,173</b>
<b>Depreciation:</b>			
As at 1 July 2017	291,320	-	291,320
Charge for the year	203,924	-	203,924
<b>At 30 June 2018</b>	<b>495,244</b>	<b>-</b>	<b>495,244</b>
<b>Net book value:</b>			
At 30 June 2018	378,717	419,212	797,929
<b>At 30 June 2017</b>	<b>582,641</b>	<b>491,212</b>	<b>1,001,853</b>

Computer software is classified as an asset under the course of construction so as such no amortisation has been charged.

#### Company

	Computer software £
<b>Cost:</b>	
As at 1 July 2017	419,212
Additions	-
<b>At 30 June 2018</b>	<b>419,212</b>
<b>Depreciation:</b>	
As at 1 July 2017	-
Charge for the year	-
<b>At 30 June 2018</b>	<b>-</b>
<b>Net book value:</b>	
At 30 June 2018	419,212
<b>At 30 June 2017</b>	<b>419,212</b>

# Incorporatewear Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 8 Tangible fixed assets

Group	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost:</b>				
As at 1 July 2017	1,180,544	1,409,796	3,424,151	6,014,491
Additions	1,113	1,283	1,178	3,574
Disposals	(1,042,390)	(462,051)	(2,670,929)	(4,175,370)
Exchange adjustments	831	1,118	488	2,437
<b>At 30 June 2018</b>	<b>140,098</b>	<b>950,146</b>	<b>754,886</b>	<b>1,845,132</b>
<b>Depreciation:</b>				
As at 1 July 2017	1,106,176	840,446	3,179,420	5,126,042
Charge for the year	12,761	88,175	198,550	299,486
Disposals	(1,042,390)	(462,051)	(2,670,929)	(4,175,370)
Exchange adjustment	179	413	178	770
<b>At 30 June 2018</b>	<b>76,726</b>	<b>466,163</b>	<b>707,219</b>	<b>1,250,928</b>
<b>Net book value:</b>				
At 30 June 2018	63,372	483,163	47,668	594,204
At 30 June 2017	74,368	569,350	244,731	888,449
<b>Company</b>	<b>Leasehold improvements £</b>	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost:</b>				
As at 1 July 2017	1,042,390	1,224,125	3,342,989	5,609,504
Additions	-	-	-	-
Disposals	(1,042,390)	(462,051)	(2,670,929)	(4,175,370)
<b>At 30 June 2018</b>	<b>-</b>	<b>762,074</b>	<b>672,060</b>	<b>1,434,134</b>
<b>Depreciation:</b>				
As at 1 July 2017	1,042,390	665,814	3,128,061	4,836,265
Charge for the year	-	80,160	192,053	272,213
Disposals	(1,042,390)	(462,051)	(2,670,929)	(4,175,370)
<b>At 30 June 2018</b>	<b>-</b>	<b>283,923</b>	<b>649,185</b>	<b>933,108</b>
<b>Net book value:</b>				
At 30 June 2018	-	478,151	22,875	501,026
At 30 June 2017	-	558,311	214,928	773,239

# Incorporatewear Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 9 Fixed asset investments

	2018 £	2017 £
<b>Shares in subsidiary undertakings</b>		
Cost and valuation as at 30 June	<b>1,577,550</b>	<b>1,577,550</b>

Details of the company's subsidiary undertakings in which the company owns 100% of the issued share capital as at 30 June 2018 are as follows:

Name of undertaking	Registered office	Nature of business
Incorporatewear Unipessoal Lda	Travessa Coracao de Jesus, no. 92, Porto, Portugal	Design, supply and management of corporate clothing

### 10 Stock

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Work in progress	<b>44,945</b>	-	<b>44,945</b>	-
Finished goods	<b>6,474,023</b>	<b>6,653,105</b>	<b>5,867,654</b>	<b>6,500,117</b>
	<b>6,518,968</b>	<b>6,653,105</b>	<b>5,912,599</b>	<b>6,500,117</b>

The replacement cost of stock is not materially different from the amount shown above.

### 11 Debtors

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
<b>Amounts falling due within one year:</b>				
Trade debtors	<b>5,399,590</b>	<b>5,172,823</b>	<b>5,390,052</b>	<b>5,169,575</b>
Prepayments and accrued income	<b>297,267</b>	<b>202,301</b>	<b>288,242</b>	<b>166,277</b>
Corporation tax recoverable	-	<b>182,158</b>	-	<b>16,791</b>
Amounts due from group undertakings	-	-	<b>53,669</b>	-
Other debtors	<b>46,510</b>	<b>293,143</b>	<b>1,498</b>	<b>193,022</b>
	<b>5,743,367</b>	<b>5,850,425</b>	<b>5,733,461</b>	<b>5,545,665</b>
<b>Amounts falling due after more one year:</b>				
Deferred tax (note 13)	<b>72,979</b>	-	<b>18,919</b>	-
Other debtors	-	<b>1,730</b>	-	-
<b>Total debtors</b>	<b>5,816,346</b>	<b>5,852,155</b>	<b>5,733,461</b>	<b>5,545,665</b>

# Incorporatewear Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 12 Creditors: amounts falling due within one year

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Trade creditors	1,108,692	1,137,804	682,820	895,409
Corporation tax	157,512	-	98,933	-
Other taxation & social security	384,833	80,599	371,316	66,237
Other creditors	339,528	711,344	273,707	633,214
Amounts due to group undertakings	9,436,569	9,625,384	11,386,621	10,993,299
Accruals and deferred income	521,599	1,490,183	521,599	1,490,183
	<u>11,948,733</u>	<u>13,045,314</u>	<u>13,334,996</u>	<u>14,078,342</u>

Trade creditors are non-interest bearing and are normally on terms of 30 to 60 days.

Amounts due to group undertakings are interest bearing and repayable on demand by agreement with the parent company.

### 13 Deferred tax

The liability for deferred taxation consists of the following:

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Temporary differences relating to capital allowances	(18,919)	3,633	(18,919)	3,633
Short term timing differences	(54,060)	-	-	-
	<u>(72,979)</u>	<u>3,633</u>	<u>(18,919)</u>	<u>3,633</u>

Deferred tax has been calculated at the rate expected to apply at the time at which timing differences are forecast to reverse, based on tax rates which have been substantively enacted at the balance sheet date.

The Corporation tax rate will fall to 17% from 1 April 2020. It is not anticipated that the subsequent reduction will have a material effect on the Company's future current or deferred tax charges.

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Liability brought forward	3,633	8,932	3,633	8,932
Movement arising during the year	(48,806)	(5,299)	5,254	(5,299)
Adjustment in respect of prior years	(27,253)	-	(27,253)	-
Effects of change in corporation tax rates	(553)	-	(553)	-
	<u>(72,979)</u>	<u>3,633</u>	<u>(18,919)</u>	<u>3,633</u>

# Incorporatewear Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 14 Share capital

	2018 £	2017 £
<i>Allotted, called up and fully paid</i>		
996,416 ordinary shares of £1.00 each	996,416	996,416

All paid up share capital rank *pari passu* for all purposes.

### 15 Pensions

The company participates in an ongoing defined contribution scheme, in which assets are held independently.

Amounts unpaid to the defined contribution scheme at year end were £6,521 (2017 - £Nil).

### 16 Financial commitments

#### Lease commitments

The Company had total outstanding commitments under operating leases as follows:

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Not later than one year	446,354	379,226	446,354	379,226
After one year but not more than five years	987,173	1,570,986	987,173	1,570,986
	<u>1,433,527</u>	<u>1,950,212</u>	<u>1,433,527</u>	<u>1,950,212</u>

# Incorporatewear Limited

## Notes to the financial statements for the year ended 30 June 2018 (continued)

### 17 Related party transactions

#### Group

During the year the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 30 June, are as follows:

	Sales to related party £	Interest charge from related party £	Amounts owed from related party £	Amounts owed to related party £
Entities with significant influence over the Group:				
2018	60,162	(249,004)	-	9,436,569
2017	229,994	(545,299)	-	9,625,384

As permitted by FRS 102 the Company has taken advantage of the exemption from the disclosure requirements of FRS 102 Section 33 and has not disclosed the transactions entered into with its subsidiary.

#### *Terms and conditions of transactions with related parties*

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 30 days of invoice.

#### *Key management personnel*

Key management comprises of the Senior Leadership Team of the Company who have authority and responsibility for planning, directing and controlling the activities of the Group. Total remuneration in respect of these individuals is £530,019 (2017 - £449,469).

### 18 Ultimate parent company

The Company is a wholly owned subsidiary of The Workwear Group Holding Pty Ltd. The ultimate holding and controlling company is Wesfarmers Limited, a company incorporated in Australia. The results of Incorporatewear Limited and its fellow subsidiaries have been consolidated within the financial statements of Wesfarmers Limited. Copies of these financial statements may be obtained directly from the Wesfarmers website.

### 19 Retrospective restatement of prior period error

During the year ended 30 June 2016, the company acquired Incorporatewear Unipessoal Lda (the "subsidiary"), and subsequently acquired stock from the subsidiary. The company's 2016 accounting records originally made no adjustment for profits made by the subsidiary on these stock sales. Therefore, the accounts have now been restated to adjust the 2016 consolidated profit down by £318,000, as well as adjusting the stock down by £318,000. The adjustments to the accounts shown in these financial statements are as below:

	2017 restated £	2017 £
Stock	6,653,105	6,971,105
Retained earnings as at 01 July 2016	2,560,587	2,878,588
Retained earnings as at 30 June 2017	1,891,600	2,209,600

There is no effect on the income statement for 2017.