

# **T.M. Lewin & Sons Limited**

Report and Financial Statements

Year Ended

25 February 2017

Company Number 340508

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## T.M. Lewin & Sons Limited

### Company Information

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<b>Directors</b>	G Quinn R Isaac
<b>Registered number</b>	340508
<b>Registered office</b>	6-7 St Cross Street Courtyard London EC1N 8UA
<b>Independent auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

# T.M. Lewin & Sons Limited

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# T.M. Lewin & Sons Limited

## Strategic Report For the Year Ended 25 February 2017

The directors present the strategic report together with the financial statements for the year ended 25 February 2017.

### Business review and principal activity

The principal activity of the company is the sale of men's wear.

The Company has progressed with its vision for the future putting customers and product back firmly at the centre of the business.

The Company has further strengthened the management team and invested in people development and training throughout the business. During the year targeted investments were made including the refurbishment of the store estate, developing the product range and a repositioning of the brand proposition and marketing activity.

The online business continues to see strong growth through an improved proposition and successful omni-channel management of the customer base.

### Development and performance of the business

The Company has traded strongly in the year delivering EBITDA of £7,251,000 from turnover of £119,940,000.

Exceptional costs for the current year and prior year include the costs for business transformation and restructuring.

	25 February 2017 £'000	27 February 2016 £'000	Increase / (Decrease) %
<b>Turnover</b>	<b>109,940</b>	<b>109,814</b>	<b>0.1%</b>
<b>EBITDA (before exceptional items)</b>	<b>7,251</b>	<b>8,121</b>	<b>(10.7%)</b>
Exceptional items (See note 6 on page 16)	(1,407)	(1,357)	
Depreciation & Amortisation (See note 7 on page 16)	(3,447)	(3,942)	
Impairment of assets	-	(67)	
<b>Operating profit</b>	<b>2,397</b>	<b>2,755</b>	<b>13.0%</b>

# T.M. Lewin & Sons Limited

## Strategic Report For the Year Ended 25 February 2017

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### Principal risks and uncertainties

Management continually assess and evaluate the main risks to the company achieving its business objectives. Certain key risks and how management seek to mitigate these risks are outlined below:

#### *Economic environment, market risk and competition*

The company's results can be impacted by the underlying macroeconomic performance of the territories in which it operates. The performance of the economy in our key UK and Australian markets impacts consumer spending and therefore influences the performance of the Company. In addition, the retail industry is highly competitive with a multitude of retailers competing for consumer discretionary spend but the nature of the product and the competitive proposition positions the business well to mitigate these risks.

#### *Supply Chain*

The Company has some reliance on key suppliers to produce and deliver high quality products consistent with the TM Lewin brand. Therefore issues arising which may impact suppliers could subsequently adversely impact our business. The supplier base is reviewed on an on-going basis and supplier compliance reporting as standard practice is in place to mitigate this risk.

#### *People*

As with many businesses of this scale, responsibility can be concentrated with senior members of staff and there is a potential risk of potential over reliance upon key personnel. In response, the company has:

- strengthened the breadth of skills within the business;
- continued to retain and develop personnel; and
- outsourced work where specific external expertise is required on a project basis.

The directors believe that the company is financially stable and well-positioned to maintain its profitability.

#### On behalf of the Board



G Quinn  
Director

Date: 28/6/17

# **T.M. Lewin & Sons Limited**

## **Directors' Report For the Year Ended 25 February 2017**

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The directors present their report and the audited financial statements for the year ended 25 February 2017.

### **Financial risk management**

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

### **Foreign currency risk**

The Company has some exposure to movements in exchange rates, both in terms of inflows from sales in and to overseas markets and outflows due to the purchase of products in currencies other than sterling. Management monitors the level of exposure and seeks to mitigate the potential risks by working closely with suppliers and using forward currency contracts if deemed appropriate.

### **Liquidity risk**

The directors monitor the liquidity and cash flow risk of the Company extensively. Each operation of the Company provides annual budgets in advance which enable the Company's cash requirements to be anticipated. Cash flow monitoring is conducted on a frequent and regular basis and is treated with prominence in the monthly Board pack.

### **Credit risk**

The Company has a limited, but growing, exposure to credit risk from credit sales as it is the basis on which its growing franchise operations are administered. It is Company policy to assess the credit worthiness of new customers and to factor the information from these credit ratings into future dealings with the customer. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The company employs letters of credit where it is considered appropriate.

### **Results and dividends**

The profit for the financial year amounted to £2,390,000 (2016: £2,438,000).

The directors have not recommended the payment of a dividend for the year.

### **Employment of disabled persons**

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management encourages both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with the view of encouraging them to play an active role in the development of the company.

### **Employee involvement**

The flow of information to staff has been maintained by staff briefings. The management team formally meets head office and store management personnel annually to discuss performance and future plans and receive feedback. Furthermore members of the management team regularly visit stores and discuss matters of current interest and concern to the business with the members of staff. There is also a feedback arrangement whereby all staff have access to the CEO and COO in the absence of their line managers.

# T.M. Lewin & Sons Limited

## Directors' Report For the Year Ended 25 February 2017

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### Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

G Quinn  
R Isaac (appointed on 4 November 2016)  
K Nesbitt (resigned on 4 November 2016)

### Future developments

From a solid platform the Company will continue to put customers and product back firmly at the centre of the business. Investments are continuing in refreshing the retail estate and implementing a new till system. The web platform is being upgraded and refreshed with successful delivery of a seamless omni-channel experience for our customers a priority. The Company is working closely with its franchise partners to enable them to accelerate the growth of their businesses with a focus on slow moving stock and ensuring the right product range for their individual markets is delivered. The business truly values our colleagues in stores and the support centre and we are investing in their development through a Retail Academy and management training courses.

### Overseas Branch

The Company operates a branch in the Republic of Ireland.

### Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

# T.M. Lewin & Sons Limited

## Directors' Report For the Year Ended 25 February 2017

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### Statement of Directors' responsibilities (continued)

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Disclosure of information to auditors

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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 auditors are aware of that information.

### Going concern

The Company's business activities, together with the factors likely to affect its future development and its financial position are described in the Strategic Report on Page 1.

After making detailed enquiries, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and Financial Statements.

### Employees

The Company is committed to employment policies which follow best practice based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities.

### Independent Auditors

PricewaterhouseCoopers LLP were appointed as auditors during the year and have expressed their willingness to continue in office as auditors and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

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



G Quinn  
Director

Date: 28/6/17

## Independent Auditors' report to the members of T.M. Lewin & Sons Limited

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### Report on the financial statements

#### Our opinion

In our opinion, T.M. Lewin & Sons Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 25 February 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### What we have audited

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the statement of financial position as at 25 February 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

### OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

#### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

#### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## Independent Auditors' report to the members of T.M. Lewin & Sons Limited

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### RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

#### Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Emma Jarvis (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

28 June 2017

## T.M. Lewin & Sons Limited

### Statement of Comprehensive Income For the Year Ended 25 February 2017

	Note	25 February 2017 £'000	27 February 2016 £'000
Turnover	5	109,940	109,814
Cost of sales		(46,640)	(46,150)
<b>Gross profit</b>		<b>63,300</b>	<b>63,664</b>
Administrative expenses before exceptional charges		(59,729)	(59,776)
Exceptional charges	6	(1,407)	(1,357)
Administrative expenses		(61,136)	(61,133)
Other operating income		233	224
<b>Operating profit</b>	7	<b>2,397</b>	<b>2,755</b>
Interest receivable and similar income	10	322	9
Interest payable and similar expenses	11	(12)	(139)
<b>Profit before taxation</b>		<b>2,707</b>	<b>2,625</b>
Tax	12	(317)	(187)
<b>Profit for the financial year</b>		<b>2,390</b>	<b>2,438</b>

All amounts relate to continuing operations.

The notes on pages 11 to 24 form part of these financial statements.

## T.M. Lewin & Sons Limited

Registered number: 340508

### Statement of Financial Position As at 25 February 2017

	Note	25 February 2017 £'000	25 February 2017 £'000	27 February 2016 £'000	27 February 2016 £'000
<b>Fixed assets</b>					
Intangible assets	13		2,427		1,948
Tangible assets	14		10,889		9,518
Investments	15		5		5
			13,321		11,471
<b>Current assets</b>					
Stocks	16	17,892		16,557	
Debtors	17	57,747		55,375	
Cash and cash equivalents		8,090		8,836	
		83,729		80,768	
<b>Creditors: amounts falling due within one year</b>	18	(23,815)		(21,394)	
<b>Net current assets</b>			59,914		59,374
<b>Total assets less current liabilities</b>			73,235		70,845
<b>Provisions for liabilities</b>	19		(1,220)		(1,220)
<b>Net assets</b>			72,015		69,625
<b>Capital and reserves</b>					
Called up share capital	21		50		50
Profit and loss account			71,965		69,575
<b>Total shareholders' funds</b>			72,015		69,625

The financial statements of T.M. Lewin & Sons Limited, registered number 340508, were approved by the Board of Directors and authorised for issue on ~~DATE~~ 28/6/17. The notes on pages 11 to 24 form an integral part of the financial statements.

G Quinn  
Director



Date:

28/6/17

## T.M. Lewin & Sons Limited

### Statement of Changes in Equity For the year ended 25 February 2017

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	Called up Share capital £000	Profit and loss account £000	Total shareholders' funds £000
<b>At 1 March 2015</b>	50	67,137	<b>67,187</b>
Profit for the financial year and total comprehensive income	-	2,438	<b>2,438</b>
	<hr/>	<hr/>	<hr/>
<b>At 27 February 2016</b>	50	69,575	<b>69,625</b>
Profit for the financial year and total comprehensive income	-	2,390	<b>2,390</b>
	<hr/>	<hr/>	<hr/>
<b>At 25 February 2017</b>	50	71,965	<b>72,015</b>

The notes on pages 11 to 24 form part of these financial statements.

# T.M. Lewin & Sons Limited

## Notes to the Financial Statements For the Year Ended 25 February 2017

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### 3 Accounting policies (continued)

#### 1 General information

T.M. Lewin and Sons Limited (the "Company") is a Company incorporated in the United Kingdom under the Companies Act 2006 and is a private company limited by shares. The address of the registered office is given on Company Information page. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 1.

#### 2 Statement of compliance

The Company financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### 3 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The Company is a wholly-owned subsidiary of TM Lewin Group Limited and is included in the consolidated financial statements of TML Topco Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of 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 4).

##### 3.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company's ultimate parent undertaking, TML Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of TML Topco Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from The Courtyard, 6-7 St Cross Street, London, EC1N 8UA. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of TML Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

# T.M. Lewin & Sons Limited

## Notes to the Financial Statements For the Year Ended 25 February 2017

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### 3 Accounting policies (continued)

#### 3.3 Turnover

Turnover represents sales to external customers at invoiced amounts less applicable VAT or local sales tax. Turnover is principally derived from the Company's three distinct trading channels - retail, online and franchising. Retail revenue is recognised at the point of the transaction with retail customers. Online and franchising revenue is recognised at the point goods are dispatched.

#### 3.4 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 3.5 Intangible assets

Intellectual property is recorded at cost less accumulated amortisation. Amortisation is provided on a straight line basis over the useful economic life of 10 years.

Computer software is recorded at costs less accumulated amortisation. Amortisation is provided on a straight line basis over the useful economic life of between 3 and 6 years.

#### 3.6 Tangible assets and depreciation

Tangible assets are stated at historical cost less accumulated depreciation and any 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.

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

- Short leasehold property - Over the year of the lease
- Fixtures and fittings and computer equipment - 10% - 33 1/3 %

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 within 'other operating income' or 'administrative expenses' in the statement of comprehensive income.

#### 3.7 Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less additional costs to completion and disposal. Cost is based on the cost of purchase on a weighted average basis.

#### 3.8 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.

# T.M. Lewin & Sons Limited

## Notes to the Financial Statements For the Year Ended 25 February 2017

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### 3 Accounting policies (continued)

#### 3.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

#### 3.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans to and from group undertakings and other related parties and accrued expenses.

Debt instruments that are payable or receivable within one year, typically trade and other debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 3.11 Creditors

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

#### 3.12 Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

# T.M. Lewin & Sons Limited

## Notes to the Financial Statements For the Year Ended 25 February 2017

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### 3 Accounting policies (continued)

#### 3.13 Current and deferred taxation

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

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

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

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

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

#### 3.14 Leases

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease. Rent free years, reverse premiums and similar incentives to enter into operating lease agreements are recorded as deferred income and released to the profit and loss account over the full life of the lease.

# T.M. Lewin & Sons Limited

## Notes to the Financial Statements For the Year Ended 25 February 2017

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### 3 Accounting policies (continued)

#### 3.15 Onerous leases

Where a lease is assessed as onerous such that the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the net obligations under the lease.

#### 3.16 Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

#### 3.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future years. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### 3.18 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 at an annual general meeting.

#### 3.19 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, or which are non-recurring. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance. Items which may be included within the exceptional category include expenditure as part of a company restructure (legal fees, redundancy costs and other applicable items of expense); onerous lease costs; and other particularly significant or unusual items.

### 4 Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the Company's tangible and intangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determine whether there are indicators for the requirement of provisions relating to the net realisable value of stock and leasehold dilapidations. These provisions require managements best estimate of the costs that will be incurred based on legislative and contractual requirements.
- Determine whether there are indicators of impairment of the company's and investment assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

# T.M. Lewin & Sons Limited

## Notes to the Financial Statements For the Year Ended 25 February 2017

		2017	2016
		£'000	£'000
<b>5</b>	<b>Turnover</b>		
	Analysis of turnover by country of destination:		
	European Union (including the UK)	96,240	97,013
	Rest of the world	13,700	12,801
		109,940	109,814
	Turnover is wholly attributable to the principal activity of the company.		
<b>6</b>	<b>Exceptional charges</b>		
	Onerous lease	-	122
	Legal claim	-	384
	People costs (redundancy and restructuring)	1,407	851
		1,407	1,357
	In the prior year, the group was acquired by TML Bidco Limited. Following the acquisition, the Company has embarked on a change programme that has resulted in the significant restructuring of the business and changes to its people. These restructuring costs and termination payments have been classified as exceptional in nature both in the current and prior year. Moreover, in the prior year, an onerous lease provision was recognised for a closed warehouse and legal costs in relation to a dispute with a franchise partner were also incurred.		
<b>7</b>	<b>Operating profit</b>		
	This is arrived at after charging/(crediting):		
	Depreciation of tangible fixed assets	2,279	2,512
	Amortisation of intangible assets	1,168	1,430
	Impairment of fixed assets	-	67
	Operating lease rentals -		
	- Land and buildings	13,530	13,635
	- Plant and machinery	38	55
	Fees payable to the company's auditors and their associates for the audit of the company's annual financial statements	60	99
	Fees payable to the company's audit for non-audit services		
	- Taxation compliance services	20	45
	- Other services	-	23
	Exchange differences	(973)	192
	Defined contribution pension cost	308	287
	Inventories charged as an expense	45,160	44,587
		45,160	44,587

## T.M. Lewin & Sons Limited

### Notes to the Financial Statements For the Year Ended 25 February 2017

#### 8 Employees

	2017 £'000	2016 £'000
Staff costs (including directors) consist of:		
Wages and salaries	17,982	18,231
Social security costs	1,505	1,528
Other pension costs	308	287
	19,795	20,046

Included within wages and salaries are termination payments of £1,110,763 (2016: £716,365).

The average number of employees (including directors) during the year was as follows:

	2017 Number	2016 Number
Administration	124	172
Sales and distribution	837	784
	961	956

The company operates a money purchase scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £308,000 (2016 - £287,000). At the year end, contributions amounting to £27,000 (2016 - £34,000) were payable to the fund and are included in creditors.

#### 9 Directors' remuneration

	2017 £'000	2016 £'000
Directors' emoluments	525	726
Company contributions to money purchase pension schemes	29	20

There were 2 directors in the company's money purchase scheme (2016 - 3).

Emoluments of the highest paid director were £312,000 (2016 - £288,000). Company pension contributions of £1,000 (2016 - nil) were made to a money purchase scheme on his behalf.

## T.M. Lewin & Sons Limited

### Notes to the Financial Statements For the Year Ended 25 February 2017

#### 10 Interest receivable and similar income

	2017 £'000	2016 £'000
Bank interest	4	9
Other interest	23	-
Foreign exchange movements on inter-company loans	295	-
	322	9

#### 11 Interest payable and similar expenses

	2017 £'000	2016 £'000
Bank loans and overdrafts	12	43
Unwinding of discount on onerous lease	-	3
Foreign exchange movements on inter-company loans	-	93
	12	139

#### 12 Tax on profit

	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<i>UK corporation tax</i>				
Current tax on profits of the year		-		-
Adjustment in respect of previous years		(33)		(86)
		(33)		(86)
<i>Foreign tax</i>				
Current tax on foreign income for the year		21		90
		(12)		4
<i>Deferred tax</i>				
Origination and reversal of timing differences	329		170	
Changes to tax rates	-		13	
	329		183	
Tax charge on profit		317		187

## T.M. Lewin & Sons Limited

### Notes to the Financial Statements For the Year Ended 25 February 2017

#### 12 Taxation on profit (continued)

The tax assessed for the year is lower (2016 – lower) than the standard rate of corporation tax in the UK applied to profit before taxation. The differences are explained below:

	2017 £'000	2016 £'000
Profit before taxation	2,707	2,625
Profit at the standard rate of corporation tax in the UK of 20.00% (2016 – 20.08%)	541	527
<b>Effects of:</b>		
Net of expenses and income not deductible/allowable for tax purposes	(60)	6
Non-qualifying depreciation	264	-
Group relief	(712)	(260)
Impact of differences in UK and overseas tax rates	(12)	-
Origination and reversal of timing differences	329	-
Adjustment in respect of previous years	(33)	(86)
<b>Total tax charge for year</b>	<b>317</b>	<b>187</b>

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a charge of nil (2016 - nil). For further information on deferred tax balances see note 20.

During the year, as a result of changes in the UK corporation tax rate to 19% from 1 April 2017 and to 17% from 1 April 2020, which were substantially enacted on 6 September 2016, the relevant deferred tax balances have been re-measured.

#### 13 Intangible assets

	Computer Software £'000	Intellectual property £'000	Total £'000
<i>Cost</i>			
At 28 February 2016	11,199	448	11,647
Additions	1,640	7	1,647
<b>At 25 February 2017</b>	<b>12,839</b>	<b>455</b>	<b>13,294</b>
<i>Accumulated Amortisation</i>			
At 28 February 2016	9,513	186	9,699
Provision for year	1,130	38	1,168
<b>At 25 February 2017</b>	<b>10,643</b>	<b>224</b>	<b>10,867</b>
<i>Net book value</i>			
<b>At 25 February 2017</b>	<b>2,196</b>	<b>231</b>	<b>2,427</b>
At 27 February 2016	1,686	262	1,948

## T.M. Lewin & Sons Limited

### Notes to the Financial Statements For the Year Ended 25 February 2017

#### 14 Tangible assets

	Short Leasehold £'000	Fixtures, Fittings & computer equipment £'000	Total £'000
<i>Cost</i>			
At 28 February 2016	12,707	23,266	35,973
Additions	937	2,713	3,650
	<b>13,644</b>	<b>25,979</b>	<b>39,623</b>
<i>Accumulated Depreciation</i>			
At 28 February 2016	10,088	16,367	26,455
Provision for year	619	1,660	2,279
	<b>10,707</b>	<b>18,027</b>	<b>28,734</b>
<i>Net book value</i>			
<b>At 25 February 2017</b>	<b>2,937</b>	<b>7,952</b>	<b>10,889</b>
At 27 February 2016	2,619	6,899	9,518

The impairment loss recognised on tangible fixed assets in the year was nil (2016 - £67,000) and is included in administrative expenses in the Statement of Comprehensive Income. It arose from a review of the profitability of stores in the prior year. Tangible fixed assets in underperforming stores have been written down to their recoverable amount being the higher of their fair value less costs to sell and value in use.

# T.M. Lewin & Sons Limited

## Notes to the Financial Statements For the Year Ended 25 February 2017

### 15 Fixed asset investments

	Group undertakings £'000
<i>Cost</i>	
At 27 February 2016 and 28 February 2017	5

#### *Subsidiary undertakings*

The undertakings in which the company's interest at the year-end is 20% or more are as follows:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>			
TM Lewin (Shirtmakers) Limited	England & Wales	100% Ordinary	Non trading
Jermyn Street Tie Makers Limited	England & Wales	100% Ordinary	Non trading

The registered office for each of the above subsidiaries is The Courtyard, 6-7 St Cross Street, London, EC1N 8UA.

### 16 Stocks

	2017 £'000	2016 £'000
Raw materials and consumables	180	196
Finished goods and goods for resale	17,712	16,361
	17,892	16,557

There is no material difference between the carrying value of stock and the replacement value.

### 17 Debtors

	2017 £'000	2016 £'000
Trade debtors	1,141	1,908
Amounts owed from group undertakings	52,773	48,999
Other debtors	481	139
Deferred tax asset (Note 20)	800	1,129
Corporation tax recoverable	319	183
Prepayments and accrued income	2,233	3,017
	57,747	55,375

All amounts included within debtors fall due for payment within one year. Amounts owed from group undertakings have no fixed repayment terms, are repayable on demand and are interest free.

## T.M. Lewin & Sons Limited

### Notes to the Financial Statements For the Year Ended 25 February 2017

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

	2017 £'000	2016 £'000
Trade creditors	12,772	7,692
Taxation and social security	513	2,323
Other creditors	4,408	2,318
Accruals and deferred income	6,122	9,061
	<u>23,815</u>	<u>21,394</u>

#### 19 Provisions for liabilities

	Dilapidations provision £'000	Total £'000
At 28 February 2016	1,220	1,220
Charged to profit or loss	-	-
Utilised in year	-	-
	<u>1,220</u>	<u>1,220</u>
At 25 February 2017		

#### *Dilapidation provision*

Provision has been made for the potential future cost of the contractual commitment to return leasehold property back to its original state at the end of the lease. This has been calculated on a portfolio basis using an estimate of the average cost per square foot.

## T.M. Lewin & Sons Limited

### Notes to the Financial Statements For the Year Ended 25 February 2017

#### 20 Deferred taxation

	2017 £'000	2016 £'000
Included in debtors	800	1,129
	800	1,129
Accelerated capital allowances	800	1,013
Sundry timing differences	-	116
	800	1,129
		<b>£'000</b>
At 28 February 2016		1,129
Charged to the profit and loss account (Note 12)		(329)
		800

#### 21 Called up share capital

	2017 £'000	2016 £'000
<i>Allotted, called up and fully paid</i> 50,000 (2016 – 50,000) ordinary shares of £1 each	50	50
	50	50

There is a single class of ordinary shares with each share holding equal voting rights.

# T.M. Lewin & Sons Limited

## Notes to the Financial Statements For the Year Ended 25 February 2017

### 22 Commitments under operating leases

The company had minimum lease payments under non-cancellable operating leases as set out below:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Not later than 1 year	<b>11,551</b>	8,587
Later than 1 year and not later than 5 years	<b>28,824</b>	28,119
Later than 5 years	<b>12,886</b>	14,300
	<hr/> <b>53,261</b> <hr/>	<hr/> 51,006 <hr/>

### 23 Related party disclosures

The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 not to disclose transactions with other wholly owned members of the group.

Key management personnel include all directors and a number of senior managers who together have authority and responsibility for planning, directing and controlling the activities of the company. The company has taken the exemption available to qualifying entities under paragraph 1.12 (e) of FRS 102 not to disclose compensation paid to key management personnel for services provided to the company.

### 24 Financial guarantees

The Company is a guarantor to the group facility.

### 25 Ultimate parent undertaking controlling party

The immediate parent entity is TM Lewin Group Limited, a company registered in England and Wales. The ultimate parent company is TML LP, a Limited Partnership registered in the Cayman Islands.

The largest and smallest group in which the results of the company are consolidated is that headed by TML Topco Limited a company registered in England & Wales. Copies of the consolidated financial statements are available to the public and can be obtained from The Courtyard, 6-7 St Cross Street, London, EC1N 8UA.