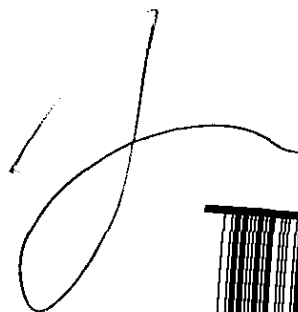


The Edinburgh Woollen Mill Limited

Annual Report and Financial Statements

1999/2000

Registered Number : 24081



The Edinburgh Woollen Mill Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

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The Edinburgh Woollen Mill Limited

DIRECTORY

DIRECTORS

Professor Sir Donald MacKay MA FRSE FRSGS

Colin Birrell

John Elliot MA CA

David McGibbon DMS FCMA FBIM

David Houston CA

John Rayson

Alec Whitaker

SECRETARY

Jennifer M Dunbar BA FCIS

AUDITORS

Ernst & Young, Glasgow

BANKERS

The Royal Bank of Scotland plc

Girobank plc

SOLICITORS

Shepherd & Wedderburn, Edinburgh

Archibald, Campbell and Harley, Edinburgh

Burnetts, Carlisle

Berrymans Lace Mawer, Liverpool

REGISTERED OFFICE

Waverley Mills

Langholm

Dumfriesshire

DG13 OEB

The Edinburgh Woollen Mill Limited

DIRECTORS' REPORT

The directors present their annual report and financial statements for the year ended 28 January 2000.

PRINCIPAL ACTIVITIES

The principal activities of the company are the design, sourcing and retailing of woollen and other goods.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Despite one of the most difficult trading periods for many years, total sales have increased by 4.9% to £151.4m, although there was a slight reduction in like for like sales of 2.1%

Given the turmoil experienced in the high street during the year and the relatively poor tourist season with lower numbers of overseas visitors to the UK, trading performance has been respectable and through the focus that company management has applied throughout the year, the underlying robust nature of the business is evident.

We have not been immune to the general downturn amongst middle market high street retailers; however, despite the difficulty in growing sales, gross margins have been successfully increased as a result of improved terms with suppliers, more appropriate buying and better control of stock.

Our strategy during 1999 has been to concentrate on improving the performance of the existing stores and only investing in additional selling space where there is either a strategic reason to do so, or the expected return is particularly attractive. For these reasons the total estate increased by only 5 stores to 278.

Another area of focus is customer service and additional funds are being invested in training for our store staff in order to deliver a quality of customer service designed to delight the customer.

Like for like sales in our edge of town/leisure outlets increased by 1.7% and in August our latest leisure shopping site at Masson Mills in Matlock was opened, situated on the A6 at the gateway to the Peak District. The building has recently been restored and is themed around the work of Sir Richard Arkwright including a working museum.

As we look forward it is clear that the retailing environment continues to change with ongoing pressure on sales and margins with the likelihood of further price deflation as a result of intense competition and the growth of e-commerce. We are addressing these issues by taking the time to understand the needs of our customers in each of our market channels and by ensuring that the correct offer is presented to our customers in an enticing value for money manner.

Our straightforward approach to customer satisfaction continues and is especially important in these changing times. Market research, focus groups and the Mystery Shopper programme underpins our strategy to:-

- * enhance the High Street offer to appeal to a wider audience and freshen the store image.
- * capitalise on our roots in tourism and further customise the product offer and store theme to each location.

We will also improve product desirability and, through our sourcing expertise, keep prices consistently keen thus further increasing value and thereby continuing to be fully committed to our customer.

The Edinburgh Woollen Mill Limited

DIRECTORS' REPORT

DIVIDENDS AND RESULTS

The profit for the year, after taxation, amounted to £7,757,000. An interim dividend of £4,800,000 was paid to Grampian Holdings plc on 28 January 2000 and no final dividend is proposed.

The directors recommend that the retained profit for the year of £2,957,000 be transferred to reserves.

SUPPLIER PAYMENT POLICY AND PRACTICE

The company agrees payment terms with its suppliers when it enters into binding purchase contracts for the supply of goods and services. Suppliers are in that way made aware of these terms. The company seeks to abide by these terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. At the year end, the company had an average of 23 days (1998/99 23 days) purchases outstanding in trade creditors.

EMPLOYEES AND COMMUNICATION

The directors are committed to developing genuine and effective employee involvement in the company's activities. It is recognised that training and development is an essential investment which receives a high priority and, together with regular information to employees, results in a high degree of loyalty and commitment being given.

Key areas are:

- regular monthly team briefings which were developed with the assistance of the Industrial Society;
- annual performance appraisals for all levels of staff;
- the in-house magazine distributed to all employees and pensioners and continuing to maintain a high standard with considerable interest shown by staff.

The company gives full and fair consideration to all applications for employment having regard to each applicant's *aptitude and ability for the position available*. Physical disability is not a bar either to the provision of training for career development, or to promotion which is encouraged wherever possible.

An increasing emphasis is placed on employee development and in particular on improving service to both internal and external customers.

The Edinburgh Woollen Mill Limited

DIRECTORS' REPORT

DIRECTORS

The directors who held office during the year were as follows:

Professor Sir D MacKay, Chairman	(appointed 15 December 1999)
D D Stevenson	(resigned 31 January 2000)
C Birrell	
J J Elliot	
D C McGibbon	
D O Houston	(appointed 15 December 1999)

In addition the following directors were appointed after the year end:

John Rayson	(appointed 1 February 2000)
Alec Whitaker	(appointed 1 February 2000)

D D Stevenson was Chairman until his date of resignation.

No director serving at the year end has any interest in the share capital of the company. Professor Sir D MacKay and Messrs D D Stevenson, C Birrell, and D C McGibbon are directors of the parent company, Grampian Holdings plc, and their interests in its shares are disclosed in the parent company's accounts. The interests of J J Elliot and D O Houston at the year end in the shares of the parent company were as follows:

	<i>28 January 2000</i>	<i>29 January 1999</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
	<i>of 25p each</i>	<i>of 25p each</i>
	<i>Grampian Holdings plc</i>	<i>Grampian Holdings plc</i>
J J Elliot - beneficial	1,795,604	1,792,204
- non beneficial	787,900	791,300
D O Houston	Nil	Nil

Under the Savings-Related Share Option Scheme J J Elliot has 9,750 options over Grampian Holdings plc ordinary shares at £1, exercisable between 1 January 2000 and 30 June 2000.

The Edinburgh Woollen Mill Limited

PERFORMANCE RELATED REMUNERATION

Under the Grampian Holdings 1994 Executive Share Option Scheme, D O Houston has 100,000 options over Grampian Holdings plc ordinary shares at 76.5p, exercisable between 19 January 2003 and 18 January 2010. The options will only become exercisable if over any three year period between the grant and exercise the growth in the group's earnings per share has exceeded growth in the Retail Prices Index over the same period by at least 9%.

The Grampian Holdings Long Term Incentive Plan (LTIP) was approved by shareholders at the annual general meeting on 26 June 1998.

Shares awarded under the plan will only vest on the achievement of median or above median performance by The Edinburgh Woollen Mill Limited when judged against its comparator group over the three year performance period. If The Edinburgh Woollen Mill Limited achieves median performance, 30% of the award will vest with proportional vesting up to 100% of the award for upper quartile performance.

Awards of shares in respect of the LTIP may be granted up to a maximum value of 75% of salary in any financial year. The value of an award is calculated by multiplying the number of shares by their market value at the date of grant.

D O Houston was awarded an LTIP grant on 19 January 2000 over 117,647 shares in Grampian Holdings plc, subject to the terms of the plan.

If the appropriate performance conditions are met, vesting will take place on 19 January 2004 although withdrawal of the shares from the plan may be deferred until 18 January 2010.

CHARITABLE DONATIONS

The company donated £16,564 (1998/99- £9,541) to charities and local communities during the year.

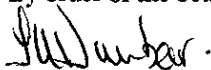
YEAR 2000 COMPLIANCE

The company is keeping under review its contingency plans designed to address the key threats to which the business might be exposed should a Year 2000 related issue arise. No significant problems have arisen to date.

AUDITORS

A resolution for the re-appointment of Ernst & Young as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



J M Dunbar
Secretary

Waverley Mills
Langholm

5 April 2000

The Edinburgh Woollen Mill Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

**Report of the auditors to the shareholders of
The Edinburgh Woollen Mill Limited**

We have audited the accounts on pages 10 to 22 which have been prepared under the historical cost convention and the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors and auditors

As described on page 8 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 28 January 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts 1985.

A handwritten signature in cursive script, appearing to read 'Ernst & Young', written in dark ink.

Ernst & Young
Registered Auditor
Glasgow

5 April 2000

The Edinburgh Woollen Mill Limited

PROFIT AND LOSS ACCOUNT for the year ended 28 January 2000

	<i>Notes</i>	<i>1999/00</i> <i>£000</i>	<i>1998/99</i> <i>£000</i>
TURNOVER		151,487	144,453
Cost of sales		(132,872)	(125,190)
GROSS PROFIT		18,615	19,263
Distribution costs		(3,202)	(3,029)
Administrative expenses		(3,383)	(3,535)
OPERATING PROFIT		12,030	12,699
Net interest payable and similar charges	2	(701)	(939)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	11,329	11,760
Tax on profit on ordinary activities	6	(3,572)	(3,620)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		7,757	8,140
Dividends on equity shares	7	(4,800)	(4,800)
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	2,957	3,340

Other than the profit for the year and the preceding financial year, there were no other recognised gains or losses.

The Edinburgh Woollen Mill Limited

BALANCE SHEET at 28 January 2000

	Notes	28 January 2000 £000	29 January 1999 £000
FIXED ASSETS			
Tangible assets	8	26,644	24,741
Investments	9	2,791	2,791
		29,435	27,532
CURRENT ASSETS			
Stocks	10	27,109	30,150
Debtors	11	3,765	3,999
Cash at bank and in hand		419	615
		31,293	34,764
CREDITORS: amounts falling due within one year	12	(21,077)	(24,790)
NET CURRENT ASSETS		10,216	9,974
TOTAL ASSETS LESS CURRENT LIABILITIES		39,651	37,506
CREDITORS: amounts falling due after more than one year	13	(3,730)	(4,484)
		35,921	33,022
PROVISIONS FOR LIABILITIES AND CHARGES	14	(1,081)	(939)
DEFERRED INCOME			
Capital contributions	15	(533)	(733)
NET ASSETS		34,307	31,350
CAPITAL AND RESERVES			
Called up ordinary share capital	16	1,804	1,804
Share premium account	17	4,199	4,199
Capital redemption account	17	5,050	5,050
Profit and loss account	17	23,254	20,297
EQUITY SHAREHOLDERS' FUNDS		34,307	31,350

These financial statements were approved by the board of directors on 5 April 2000 and were signed on its behalf by:

Colin Birrell
Director



David Houston
Director



The Edinburgh Woollen Mill Limited

NOTES TO THE ACCOUNTS at 28 January 2000

1. ACCOUNTING POLICIES

Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement of Financial Reporting Standard No. 1 (Revised) to prepare a cash flow statement as it is a wholly owned subsidiary of Grampian Holdings plc and its cash flows are included within the consolidated cash flows of that company.

By virtue of S.228 Companies Act 1985 consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Grampian Holdings plc and as such these financial statements contain information about the company and not about its group.

Financial year

These financial statements are drawn up for a period of 52 weeks ended on 28 January 2000 and the comparative figures stated are in respect of a period of 52 weeks ended on 29 January 1999.

Turnover and cost of sales

Turnover represents goods and services supplied net of value added tax. Cost of sales includes the cost of goods sold, together with shop running expenses and other direct costs. All turnover derives from continuing activities.

Depreciation

Depreciation is provided to write off the cost of tangible fixed assets, other than freehold land, by equal annual instalments over their estimated useful economic lives at rates set out below.

Freehold buildings	2% per annum
Long leasehold buildings	2% per annum
Short leasehold buildings	10% or lease term if shorter
Building improvements	5% or 12.5% per annum
Plant and machinery	8.33%, 12.5% or 25% per annum
Motor vehicles	12.5% or 20% per annum
Tenants improvements, shopfittings	12.5% or 25% per annum

There has been no material impact from the change in the depreciation rate from 1% to 2% for freehold and long leasehold buildings.

Deferred income

Government grants

Capital related grants are released to profit and loss account over the estimated life of the assets to which the grant relates.

Employment related grants are released to profit and loss account over the period to which the employment costs relate.

The Edinburgh Woollen Mill Limited

NOTES TO THE ACCOUNTS at 28 January 2000

1. ACCOUNTING POLICIES (continued)

Deferred income (continued)

Capital contributions/Reverse Premiums

Capital sums received from landlords as inducements to enter into lease agreements are credited to deferred income and amortised to profit and loss account over the period to the next rent review or the lease term, whichever is shorter.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises invoice price of goods purchased. Work in progress includes costs appropriate to the stage of manufacture. Net realisable value is based on estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided on the liability method in respect of all material timing differences which may result in a taxation liability in the foreseeable future, calculated at the rate applicable at the balance sheet date.

Operating leases

Operating lease rentals are charged to profit and loss account on an annual basis over the period of the lease.

Pension costs

The company operates a defined benefit pension scheme and a defined contribution pension scheme. The assets of the schemes are held separately from those of the company. Contributions to the defined benefit scheme are charged to profit and loss account so as to spread the cost of pensions over the average remaining service lives of employees of the company. Contributions to the defined contribution scheme are charged to profit and loss account as incurred.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Gains or losses on exchange are taken to profit and loss account.

The Edinburgh Woollen Mill Limited

NOTES TO THE ACCOUNTS at 28 January 2000

2. NET INTEREST PAYABLE AND SIMILAR CHARGES

	1999/00 £000	1998/99 £000
Parent company	727	873
Bank borrowing	27	6
Other	-	62
Bank receivable	(53)	(2)
	<u>701</u>	<u>939</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	1999/00 £000	1998/99 £000
Depreciation of tangible fixed assets - owned	3,735	3,090
Capital contributions released	(250)	(210)
Auditors' remuneration - audit fees and expenses	34	34
Auditors' remuneration - non audit services	4	-
Loss on sale of tangible fixed assets	61	160
Operating leases - property	11,728	10,169
- plant and machinery	465	480
	<u>11,728</u>	<u>10,169</u>

4. DIRECTORS' EMOLUMENTS

	1999/00 £000	1998/99 £000
Executive salaries	263	250
Executive performance related bonuses	-	4
Value of benefits in kind	24	20
	<u>287</u>	<u>274</u>

	1999/00 No.	1998/99 No.
Members of defined benefit pension schemes	<u>3</u>	<u>2</u>

The Edinburgh Woollen Mill Limited

NOTES TO THE ACCOUNTS at 28 January 2000

4. DIRECTORS' EMOLUMENTS (continued)

	1999/00 £000	1998/99 £000
The emoluments of the highest paid director were as follows:		
Executive salary	145	130
Executive performance related bonus	-	1
Value of benefits in kind	11	8
	156	139
Pension contributions to defined benefit scheme	12	11
	168	150

The accrued pension of the highest paid director at the year end was £41,518 (1998/99 - £36,239) per annum.

Executive bonuses are dependent on growth in company profitability and the performance of individual directors. Payments are made according to the rules of the company's management bonus scheme which have been approved by the Remuneration Committee.

5. STAFF NUMBERS AND COSTS, INCLUDING DIRECTORS

	1999/00 £000	1998/99 £000
Wages and salaries	22,704	21,327
Social security costs	1,461	1,476
Other pension costs	677	596
	24,842	23,399

The average number of persons employed by the company during the year, all of whom were employed in retail, are as follows:

	Number of employees	
	1999/00	1998/99
<u>Full-time equivalents:</u>		
Shops	1,445	1,371
Central	417	413
	1,862	1,784

6. TAXATION

	1999/00 £000	1998/99 £000
Corporation tax - current year	3,344	3,483
- prior year	(75)	(83)
Deferred tax - current year	259	216
- prior year	44	4
	3,572	3,620

The Edinburgh Woollen Mill Limited

NOTES TO THE ACCOUNTS at 28 January 2000

7. DIVIDENDS	<i>1999/00</i>	<i>1998/99</i>
	<i>£000</i>	<i>£000</i>
Ordinary shares - interim paid	4,800	4,800
- final proposed	-	-
Dividends to equity shareholders	<u>4,800</u>	<u>4,800</u>

8. TANGIBLE FIXED ASSETS

	<i>Land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>Motor vehicles £000</i>	<i>Tenants' improvements, shopfittings £000</i>	<i>Total £000</i>
Cost					
At 30 January 1999	13,303	1,133	1,602	27,023	43,061
Reclassification	-	(670)	-	670	-
Additions	1,207	10	490	4,094	5,801
Disposals	(24)	-	(269)	(456)	(749)
At 28 January 2000	<u>14,486</u>	<u>473</u>	<u>1,823</u>	<u>31,331</u>	<u>48,113</u>
Aggregate depreciation					
At 30 January 1999	1,797	1,041	899	14,583	18,320
Reclassification	-	(670)	-	670	-
Charge for year	467	17	203	3,048	3,735
Disposals	(22)	-	(173)	(391)	(586)
At 28 January 2000	<u>2,242</u>	<u>388</u>	<u>929</u>	<u>17,910</u>	<u>21,469</u>
Net book value					
At 28 January 2000	<u>12,244</u>	<u>85</u>	<u>894</u>	<u>13,421</u>	<u>26,644</u>
At 30 January 1999	<u>11,506</u>	<u>92</u>	<u>703</u>	<u>12,440</u>	<u>24,741</u>

The net book value of land and buildings consists of:	<i>28 January 2000 £000</i>	<i>29 January 1999 £000</i>
Freehold land	399	115
Freehold buildings	9,572	9,844
Leasehold - long	578	590
- short	1,695	957
	<u>12,244</u>	<u>11,506</u>

The net book value of land and buildings includes £399,000 of land (1999 - £115,000) not subject to depreciation.

The Edinburgh Woollen Mill Limited

NOTES TO THE ACCOUNTS at 28 January 2000

9. INVESTMENTS		£000
<i>Subsidiary undertakings (non trading)</i>		
Shares at cost at beginning and end of year		9,777
Provision against investments at beginning and end of year		(6,986)
Net book value at beginning and end of year		2,791
10. STOCKS		
	<i>28 January</i>	<i>29 January</i>
	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>
Raw materials	1,953	2,908
Work in progress	2	2
Finished goods	25,154	27,240
	27,109	30,150
11. DEBTORS		
	<i>28 January</i>	<i>29 January</i>
	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	161	141
Prepayments and accrued income	2,817	2,310
Amounts owed by fellow subsidiary undertakings	787	548
Tax recoverable	-	1,000
	3,765	3,999
12. CREDITORS : amounts falling due within one year:		
	<i>28 January</i>	<i>29 January</i>
	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>
Bank overdraft (see note 22)	1,932	396
Trade creditors	4,095	4,341
Corporation tax	2,248	3,495
Social security and other taxes including VAT	4,052	3,696
Other creditors and accruals	2,430	3,085
Amounts owed to fellow subsidiary undertakings	1,177	961
Amounts owed to parent company	5,143	8,816
	21,077	24,790

Other creditors and accruals at 29 January 1999 have been restated to exclude the dilapidations provision which is now disclosed separately (see note 14 below.)

The Edinburgh Woollen Mill Limited

NOTES TO THE ACCOUNTS at 28 January 2000

13. CREDITORS: amounts falling due after more than one year

	28 January 2000 £000	29 January 1999 £000
Amounts owed to subsidiary undertakings	2,924	2,924
Amounts owed to fellow subsidiary undertakings	324	-
Amounts owed to parent company	482	1,560
	<u>3,730</u>	<u>4,484</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Dilapidations Provision £000</i>	<i>Deferred Taxation £000</i>	<i>Total £000</i>
At 30 January 1999	385	554	939
Arising during the year	122	303	425
Utilised	(176)	-	(176)
Amounts no longer required	(107)	-	(107)
At 28 January 2000	<u>224</u>	<u>857</u>	<u>1,081</u>

Dilapidations Provision

A provision is recognised for repairing obligations arising under the terms of operating lease agreements. Provision is made where repairs are required and a schedule of dilapidations has been served by the landlord or where necessary repairs have been identified and it is expected that expenditure will be incurred within the immediate future.

	28 January 2000 £000	29 January 1999 £000
<i>The provision for deferred taxation comprises:</i>		
Accelerated capital allowances at 30% (1999 - 31%)	868	637
Other timing differences at 30% (1999 - 31%)	(11)	(83)
	<u>857</u>	<u>554</u>

The Edinburgh Woollen Mill Limited

NOTES TO THE ACCOUNTS at 28 January 2000

15. DEFERRED INCOME

<i>Capital contributions</i>	<i>28 January 2000 £000</i>	<i>29 January 1999 £000</i>
At beginning of year	733	486
Capital contributions received in year	50	457
Released to profit and loss account	(250)	(210)
At end of year	<u>533</u>	<u>733</u>

16. SHARE CAPITAL

	<i>28 January 2000 £000</i>	<i>29 January 1999 £000</i>
Authorised		
'A' ordinary shares of 5p each	1,500	1,500
'B' ordinary shares of 5p each	500	500
	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid		
'A' ordinary shares of 5p each	1,354	1,354
'B' ordinary shares of 5p each	450	450
	<u>1,804</u>	<u>1,804</u>

17. RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Capital redemption reserve £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 30 January 1998	1,804	4,199	5,050	16,957	28,010
Retained profit	-	-	-	3,340	3,340
At 29 January 1999	1,804	4,199	5,050	20,297	31,350
Retained profit	-	-	-	2,957	2,957
At 28 January 2000	<u>1,804</u>	<u>4,199</u>	<u>5,050</u>	<u>23,254</u>	<u>34,307</u>

The Edinburgh Woollen Mill Limited

NOTES TO THE ACCOUNTS at 28 January 2000

18. CAPITAL COMMITMENTS

	28 January 2000 £000	29 January 1999 £000
Contracted	217	1,232

19. OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	28 January 2000		29 January 1999	
	£000	£000	£000	£000
	Property	Other	Property	Other
Leases which expire:				
Within one year	821	71	529	105
Between two and five years	1,298	258	1,336	274
In five years or more	9,993	-	9,710	-
	12,112	329	11,575	379

20. RELATED PARTY TRANSACTIONS

David D Stevenson has material beneficial and non beneficial interests in Ashleybank Investments Limited and its subsidiary company Eskvale Properties Limited which leased buildings to the company during the year. The value of these transactions for the year was £1,669,700 (1999 - £1,433,700). The balance due to Ashleybank Investments Limited and its subsidiary Eskvale Properties Limited at the year end was £Nil (1999 - £24,500). During the year the company entered into a profit sharing agreement with Ashleybank Investments Limited for the development of a shop site. The balance due from Ashleybank Investments Limited at the year end was £30,000 (1999 - £Nil) This was subsequently paid by Ashleybank Investments Limited on 31 March 2000.

David D Stevenson has a material beneficial interest, and an interest as a trustee, in Acorn Consultants Limited Pension Fund which rented buildings to the company during the year for £159,900 (1999 - £162,500). The balance due to Acorn Consultants Limited Pension Fund at the year end was £Nil (1999 - £1,700).

David D Stevenson and John J Elliot have a beneficial interest in two companies which traded with the company on normal trading terms. Paco Holdings Limited purchased garments during the year for a total value of £28,400 (1999 - £295,600) and Gelfer Limited sold goods for resale to the company for a total value of £350,546 (1999 - £339,100) in the year. The balance due from Paco Holdings Limited at the year end was £5,500 (1999 - £17,600). There was no balance due to or from Gelfer Limited at the year end (1999 - £Nil).

There were no amounts provided or written off during the year in respect of amounts due from any of the companies mentioned.

As the company is a wholly owned subsidiary of Grampian Holdings plc it has taken advantage of the exemptions allowed under FRS 8 not to disclose transactions with other group companies.

NOTES TO THE ACCOUNTS at 28 January 2000

21. PENSION COMMITMENTS

The company operates a defined benefit pension scheme and a defined contribution pension scheme. The assets of the schemes are held separately from those of the company in funds administered by trustees.

Defined benefit scheme

The defined benefit scheme provides benefits based on final pensionable salary for directors and management employees. Contributions to the scheme, determined by a qualified actuary and based on triennial valuations using the projected unit method, are charged to profit and loss account so as to spread the cost of pensions over employees' average service lives with the company.

The most recent valuation was carried out as at 6 April 1997 when it was assumed that investment returns would average 2.5% per annum more than future salary growth. On this basis the regular pension cost for future accrual of benefit was 10.3% of earnings from the company, and 5% of earnings from employees.

Active members of The SWG Final Salary Pension Scheme joined The Edinburgh Woollen Mill Limited Retirement Benefit Scheme for future service benefits from 6 April 1999. The inclusion of the SWG members has not materially altered the funding level of the Edinburgh Woollen Mill Limited Schemes.

At the date of valuation the market value of the scheme's assets was £8,285,602 and the actuarial value of those assets represented 108% of the benefits that had accrued to members after allowing for expected future increases in earnings.

Defined contribution scheme

The defined contribution scheme provides money purchase benefits for other employees of the company based on the accumulated contributions paid on behalf of each member.

Active members of the SWG Money Purchase Pension Scheme joined The Edinburgh Woollen Mill Limited Group Retirement And Death Benefit Scheme for future service benefits from 6 April 1999.

The unpaid contributions outstanding at the year end, included in 'Other creditors and accruals' (see note 12), was £39,000 (1999 - £33,000)

The Edinburgh Woollen Mill Limited

NOTES TO THE ACCOUNTS at 28 January 2000

22. CONTINGENT LIABILITIES

In conjunction with certain other companies in the Grampian Holdings plc group, the company has granted guarantees to secure the bank loans and overdrafts of the companies in the group banking arrangements as follows;

	<i>28 January 2000 £000</i>	<i>29 January 1999 £000</i>
Bank of Scotland	3,903	4,259
The Royal Bank of Scotland plc	12,245	12,649
Clydesdale Bank plc	8,000	6,000
TSB Bank plc	4,000	3,000
	28,148	25,908

23. PARENT COMPANY

The parent company is Grampian Holdings plc, a company registered in England. Copies of that company's accounts are available from the Company Secretary, Grampian Holdings plc, Stag House, Castlebank Street, Glasgow G11 6DY.