

The Edinburgh Woollen Mill Limited

Annual Report and Financial Statements

Year ended 25 February 2012

Registered Number : SC024081



CONTENTS	Page
Directory	2
Directors' report	3 - 6
Statement of directors' responsibilities	7
Auditor's report	8
Profit and loss account	9
Statement of total recognised gains and losses	10
Balance sheet	11
Notes to the financial statements	12 - 31

DIRECTORS

Philip Day
Kristian Lee
Carmel Leigh
David Houston
John Herring

SECRETARY

June Carruthers

AUDITOR

KPMG LLP
191 West George Street
Glasgow
G2 2LJ

BANKERS

Barclays Bank plc
77 Albion Street
Leeds
LS1 5LD

Santander Corporate Banking
301 St Vincent Street
Glasgow
G2 5HN

SOLICITORS

Maclay Murray & Spens LLP
1 George Square
Glasgow
G2 1AL

DLA Piper Scotland LLP
Collins House
Rutland Building
Rutland Square
Edinburgh
EH11 2AA

Brabners Chaffe Street LLP
1 Dale Street
Liverpool
L2 2ET

REGISTERED OFFICE

Waverley Mills
Langholm
Dumfriesshire
DG13 0EB

The directors present their annual report and financial statements for the 52 weeks to 25 February 2012.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Key business activities

The primary activity of The Edinburgh Woollen Mill Limited (EWM) is that of retailing, selling across a number of differing market segments, with all other activities designed to support this operation.

The main business operating units are:

High Street – The largest division of the company and the main driver of organic growth. The division has stores located throughout the UK and the Republic of Ireland. The business provides a wide range of ladies and gents clothing, including core knitwear ranges, ladies collections, cashmere and other contemporary products. Product development over recent years has expanded the customer age demographic in relation to both ladies and gents.

General Tourist – This division also has stores located in most parts of the UK, with a very strong presence across Scotland from Edinburgh and Glasgow to the small rural towns such as Oban, Crieff, Pitlochry, Fort William etc.. There are also many stores in England situated in tourist destinations such as Stratford, Oxford, Windsor, Bath and also rural tourist locations in Wales.

Destination – This division trades from larger space units with a wide spread of offers designed to meet the needs of varying customer groups. In some sites the offer is very much tailored for the international visitor, while in others for the domestic customer. Many of these sites enjoy a significant level of coach borne customers (both domestic and international) and are located on coach routes across Scotland, England and Wales. Many of these sites contain a significant presence of concessionaires who provide an extended offer, thereby widening the likely customer base visiting the site.

Hector Russell – This highland wear brand is probably the best known in the market and enjoys considerable brand recognition both with domestic and international customers. The main products are highland outfits, kilts, kilt hire and other traditional Scottish attire. The brand trades in both individual stand alone Hector Russell stores and as an internal concession in many of the EWM Destination sites.

Business objectives and strategies

Despite the challenging trading environment, EWM continues to build a strong position in each of the markets in which it operates. This includes the High Street where the stores are the natural choice for the more mature customer, the Tourist market where the mix of ethnic and other products are ideal for the visitor and Destination where on a value for money basis the customer can enjoy a departmental shopping experience. All businesses within the company continue to have as key objectives the delivery of a high quality shopping experience and first class customer service levels.

Some of the key actions undertaken which are designed to meet these objectives are:

- The continued organic expansion of the EWM business, particularly the High St division.
- During these difficult times to strive to ensure that all products retailed are value for money.
- Ongoing training of our employees to ensure that their interaction with customers delivers an experience which they will enjoy and wish to repeat.
- Ongoing brand development utilising our online presence as well as traditional marketing and advertising techniques, to ensure that the target customer in EWM has instant recognition of the brand and that the perception of the brand reflects reliability, consistency, comfort and value for money.

Financial Performance

As a result of new store openings offset by a small number of closures, the company has grown the number of stores in operation by 18 from 354 at the beginning of the year to 372 as at 25 February 2012.

Despite the challenging trading environment the company achieved a Profit Before Tax of £24.77M, £3.54M better than the previous year. Gross profit was ahead of the previous year and this together with tight control of the cost base (distribution and administrative costs) generated a very creditable profit.

The company turnover was higher as a result of the increased new stores although the like for like sales were marginally negative. However as a result of the tight cost control, the Profit Before Tax represented 15.3% of turnover as compared to 13.2% in 2011.

Some of the key actions taken in the year to maintain and grow the business were:

- Dedicated resource focussed on the identification of potential new store locations with a high probability of exceeding the financial investment criterion.
- Continuing the growth in the number of products sold on the EWM High Street ecommerce site.
- Working closely with suppliers to minimise the impact on input costs in particular wool, cotton and cashmere.
- Development of relationships with garden centre groups and the building of relationships in the Republic of Ireland where the company is expanding.

Key factors impacting performance

The macro economic backdrop was not helpful to the overall retail trading environment for what is now the fourth year in succession of a near recessionary environment following the near banking sector collapse in 2008.

The continuing high worldwide commodity prices, with cotton, wool and cashmere directly impacting the cost of manufacture of core products retailed by EWM.

The impact of continuing high inflation in the UK including energy price increases, fuel increases and higher VAT for the whole of the current fiscal year compared to only two months of the previous fiscal year.

The continuing weakness of the pound sterling and the impact on the sterling cost of goods imported from abroad in a foreign denominated currency, in particular the US dollar.

Management of risks/uncertainties

In the current environment vigilance over all the material areas of potential risk are extremely important. Some of the key risks impacting the business and how they are managed/controlled are as follows:-

- **Foreign currency.** The company purchases many products from overseas suppliers in non sterling denominated currencies giving rise to currency movement risk.

In order to provide a degree of certainty and to allow accurate costing of products, the group of which EWM is a part hedges a percentage of the forward purchase orders by means of derivatives, being mainly forward foreign exchange contracts and currency options.

- **Interest rates.** Although the monetary environment currently experienced is that of low interest rates, this could change quickly and it is important that the funding cost does not suddenly escalate as a result of any increases in interest rates.

As a matter of policy, the group of which EWM is a part, ensures that a minimum of 40% of the committed debt is hedged by means of fixed interest rate swaps. At the present time a very substantial proportion of the bank debt is hedged in this manner.

- **Major disruptive events.** The company operates ongoing Business Continuity planning which is reviewed and updated on a regular basis. A formal Business Continuity Plan exists and an external Disaster Recovery contract is in place with a reputable third party provider. These plans are simulated in a 'real' environment at least once a year, in order to ensure that in the case of a disaster to a key area of the business, the systems environment can be re-established within pre-defined timeframes.
- **Impact of legislation/other regulatory requirements.** The company monitors current and forthcoming legislation on a regular basis and operates policies and procedures within the business which are consistent with such requirements. As well as utilising third party professionals, the company employs considerable in house expertise in order that these developments are adequately assessed and policies and procedures developed to ensure that any implications are addressed and that risks arising are minimised.

Such policies and procedures are incorporated into a Policies & Procedures Manual (PPM) which is made available to all employees by various means (hard copy, intranet etc), supported by specific notices drawing key developments to the attention of staff and promoting the importance of adherence.

- **Pension funding risk.** The company operated a Defined Benefit pension scheme which had been closed to new members for many years and which ceased pension accrual for active members effective 6 April 2011. The scheme had become increasingly mature with the majority of the scheme members either retired or within 10 years of retirement.

The scheme showed an actuarial deficit at the last full triennial valuation at 6 April 2009. This resulted in the creation of a Recovery Plan designed to bring the scheme back into surplus over a 10 year period. The first of these Recovery Plan payments was made in 2010 and payments will continue annually over that period.

The scheme trustees and the sponsoring employer, The Edinburgh Woollen Mill Limited, communicate on a regular basis to ensure that the most appropriate investment strategy is adopted, after taking into account the funding position and the level of risk which is acceptable to the employer.

The company is also subject to funding risk in relation to increased longevity of the members, poor investment performance and reducing interest yields, which could have the effect of reducing the assets while increasing the liabilities of the scheme. These areas are monitored by the company, the trustees and their professional advisers with appropriate actions being undertaken to counter any adverse developments. As at 25 February 2012 the scheme had a deficit on an FRS 17 funding basis of £1.95M after deferred tax, which was an increase on the £0.56M deficit as at 26 February 2011 and this is shown at note 22 of these accounts.

- **Litigation.** The company adopts a strategy of focussed risk management in order to reduce the likelihood of third party actions arising and also utilises various forms of insurance to protect and mitigate the impact of any potential litigation against the group, primarily in the areas of public and employer liability.

Key Performance Indicators

The company utilises a number of Key Performance Indicators (KPI's) in order to monitor and assess the performance of the business and compares these with targets which are set at the beginning of each fiscal year. Some of the main KPI's are as follows:

	<i>2011/12</i>	<i>2010/11</i>
Operating Profit	11.86%	10.67%
Free Cash Flow %	86.54%	110.89%
Working Capital %	103.92%	96.49%
Return on Capital Employed	14.62%	13.94%
Operating Profit per employee	£5,082	£4,684

The Edinburgh Woollen Mill Limited

Registered Number: SC024081

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The company's profit after tax for the year ended 25 February 2012 was £19,040,000 (year to 26 February 2011 £15,240,000). The directors do not recommend payment of a dividend (year to 26 February 2011: £9,500,000).

DIRECTORS

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

Philip Edward Day

Kristian Brian Lee (appointed 4 January 2012)

Carmel Leigh

David Oliver Houston (resigned 20 February 2012 and re-appointed 1 March 2012)

John Anthony Herring

Paul J Gerrard (resigned 17 May 2011)

EMPLOYEES

The directors are committed to ensuring genuine and effective employee involvement in the company's activities. It is recognised that training and development of employees is an essential investment. The company believes that by providing regular updates to all staff as to the company's progress, taking cognisance of staff feedback and by involving staff where possible in decisions, the overall effectiveness of the business through this team work is enhanced and further that the morale of the work force is positively impacted.

Key areas are:

- Newsletter updating staff of developments in the company.
- Annual performance appraisals for all levels of 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 to the provision of training for career development, or to promotion which is encouraged wherever possible.

Considerable emphasis is placed on employee development and in particular improving their awareness of the importance of the customer whether internal or external to the Group.

CHARITABLE DONATIONS

The company made no donations to local community organisations in the year.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware and each director has taken all the necessary steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



J Carruthers
Secretary

25 June 2012

The Edinburgh Woollen Mill Limited

Registered Number: SC024081

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 its profit or loss for that period. In preparing the 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 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE EDINBURGH WOOLLEN MILL LIMITED

We have audited the financial statements of The Edinburgh Woollen Mill Limited for the year ended 25 February 2012 set out on pages 9 to 31. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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). Those standards require us to comply with the Audit Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 25 February 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



L Bennett (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Glasgow

26 June 2012

The Edinburgh Woollen Mill Limited
Registered Number: SC024081
PROFIT AND LOSS ACCOUNT
For the Year Ended 25 February 2012

	<i>Notes</i>	<i>Total 2011/12 £000</i>	<i>Total 2010/11 £000</i>
TURNOVER	1	161,693	160,349
Cost of sales		(134,087)	(134,706)
GROSS PROFIT		27,606	25,643
Distribution costs		(3,952)	(3,845)
Administrative expenses		(4,481)	(4,691)
OPERATING PROFIT		19,173	17,107
Exceptional item - gain on transfer of fixed assets to group company		1,423	-
Net interest receivable	2	3,876	3,909
Other finance income	22	298	217
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	24,770	21,233
Tax on profit on ordinary activities	6	(5,730)	(5,993)
PROFIT FOR THE FINANCIAL YEAR	19	19,040	15,240

The operations of the company were wholly derived from continuing activities.

The Edinburgh Woollen Mill Limited**Registered Number: SC024081****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****For the Year Ended 25 February 2012**

	<i>Notes</i>	<i>2011/12</i> <i>£000</i>	<i>2010/11</i> <i>£000</i>
Profit for the financial year		19,040	15,240
Actuarial (loss)/gain recognised in the pension scheme	22	(2,536)	375
Deferred tax arising on (loss)/gain in the pension scheme		619	(105)
		(1,917)	270
Total recognised gains and losses for the year		17,123	15,510

The Edinburgh Woollen Mill Limited

Registered Number: SC024081

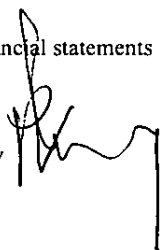
BALANCE SHEET

At 25 February 2012

	<i>Notes</i>	<i>25 February 2012 £000</i>	<i>26 February 2011 £000</i>
FIXED ASSETS			
Intangible assets	7	273	81
Tangible assets	8	6,817	16,287
Investments	9	2,957	2,957
		<u>10,047</u>	<u>19,325</u>
CURRENT ASSETS			
Stocks	10	22,102	21,476
Debtors	11	5,070	5,263
Cash at bank and in hand		161,929	153,248
		<u>189,101</u>	<u>179,987</u>
CREDITORS: amounts falling due within one year	12	<u>(21,075)</u>	<u>(25,274)</u>
NET CURRENT ASSETS		<u>168,026</u>	<u>154,713</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>178,073</u>	<u>174,038</u>
CREDITORS: amounts falling due after more than one year	13	<u>(4,536)</u>	<u>(19,191)</u>
		<u>173,537</u>	<u>154,847</u>
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>(1,871)</u>	<u>(1,924)</u>
DEFERRED INCOME	17	<u>(288)</u>	<u>(58)</u>
NET PENSION LIABILITY	22	<u>(1,949)</u>	<u>(559)</u>
NET ASSETS		<u>169,429</u>	<u>152,306</u>
CAPITAL AND RESERVES			
Called up share capital	18	51,316	51,316
Share premium account	19	4,199	4,199
Capital redemption reserve	19	5,050	5,050
Merger reserve	19	4,833	4,833
Profit and loss account	19	104,031	86,908
SHAREHOLDERS' FUNDS		<u>169,429</u>	<u>152,306</u>

These financial statements were approved by the board of directors on 25 June 2012 and were signed on its behalf by:

Philip Day
Director



Kristian Lee
Director



1. ACCOUNTING POLICIES

Financial year

These financial statements are drawn up for the 52 week period ended 25 February 2012.

Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The directors have considered the appropriateness of preparing the accounts on the going concern basis. As a result of the trading for the year, the balance sheet at the year end, along with projections for the next 12 months they consider this to be appropriate.

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 The Edinburgh Woollen Mill (Group) Limited and its cash flows are included within the consolidated cash flows of that company.

By virtue of S.400 Companies Act 2006 consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of The Edinburgh Woollen Mill (Group) Limited and as such these financial statements contain information about the company and not about its group.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

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 in the UK and relates to one class of business.

Concessions

The commission earned on concessionaires' sales is included in Turnover and Gross Profit.

Intangible Assets

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising on the acquisition.

Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Goodwill

Goodwill arising on acquisitions is amortised by equal instalments over its estimated useful economic life, taking into account the nature of the business acquired.

Dividends on shares presented within equity

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1. ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is provided to write off the cost less residual value 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% per annum or over the lease term if shorter
Building improvements	5% or 12.5% per annum
Plant and machinery	12.5% or 25% per annum
Motor vehicles	
- commercial vehicles	12.5% per annum
- cars and vans	25% per annum
Tenants' improvements and shopfittings	12.5% or 25% per annum
Information technology equipment	20% or 25% per annum

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.

Deferred income - Licence fees

Fees received for the granting of intellectual property licences are credited to deferred income and amortised to the profit and loss account over the term of the licence.

Deferred income - Capital contributions/Reverse Premiums

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

Employee Benefit Trusts

Trusts have been established for the benefit of company employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

The Edinburgh Woollen Mill Limited

Registered Number: SC024081

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 February 2012

1. ACCOUNTING POLICIES (CONTINUED)

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises the invoice price of goods purchased. 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.

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 that result in an obligation to pay more tax in future or a right to pay less tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

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

Finance leases

Assets held under finance leases are leases which transfer to the company substantially all the benefits along with all the risks and rewards of ownership of an asset. The assets are included in fixed assets and depreciated over their useful lives, with the capital element of the leasing commitment shown as obligations under finance leases.

The lease rentals are treated as consisting of capital and interest elements with the capital element applied to reduce the outstanding obligations and the interest element charged against profit.

Operating leases

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

Pension costs

The Company operates a Group Personal Pension Plan which is available to all employees subject to certain qualifying conditions. The previous defined contribution scheme was discontinued in the previous year and was formally wound up during the current year. When the defined contribution pension scheme was discontinued all members were given the option to transfer to the Group Personal Plan, a Section 32 buy out plan, or other alternative pension arrangements. The Company also operated a defined benefit pension scheme until 5 April 2011, when it was closed to future accrual with members also given the option to transfer to the Group Personal Pension Plan.

The assets of the defined benefit pension scheme are held separately from those of the Group. Under FRS 17: Retirement Benefits, the defined benefit pension scheme assets are measured using market value. For quoted securities the current bid price is used as the market value. The pension scheme liabilities have been calculated based on the results of the last formal ongoing actuarial valuation of the scheme as at 6 April 2009 and updated to 25 February 2012 using actuarial techniques. The liabilities at 6 April 2009 were measured using the Projected Unit Method. The calculated liabilities at 25 February 2012 were discounted based on the yield on the iBoxx Sterling Corporate 15 years +AA Index. The expected return on the scheme assets and the increase during the period in the present value of the scheme liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses. The pension scheme surpluses, to the extent that they are considered recoverable, or deficits arising are recognised in full and presented on the face of the liabilities of the Balance Sheet net of the related deferred tax liability or asset, to the extent that the latter is considered recoverable.

Contributions to the Group Personal Pension Plan are charged to profit and loss account as incurred.

The Edinburgh Woollen Mill Limited

Registered Number: SC024081

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 February 2012

1. ACCOUNTING POLICIES (CONTINUED)

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 the profit and loss account.

The company utilises forward currency contracts with another group company in order to eliminate any exposure to the fluctuation in foreign exchange rates.

Capital Instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of the raising of capital instruments other than equity shares is allocated to periods over the term of each individual instrument on a basis consistent with the level of the carrying amount.

2. NET INTEREST RECEIVABLE

	2011/12	2010/11
	£000	£000
Interest receivable on bank balances	4,151	4,165
Interest payable on other loans	(135)	(120)
Finance charges payable under finance leases	(140)	(136)
Interest payable and similar charges	(275)	(256)
	3,876	3,909

The Edinburgh Woollen Mill Limited

Registered Number: SC024081

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 February 2012

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<i>2011/12</i> <i>£000</i>	<i>2010/11</i> <i>£000</i>
Depreciation of tangible fixed assets – owned	1,476	1,733
Depreciation of assets held under finance leases	764	784
	<u>2,240</u>	<u>2,517</u>
Amortisation of intellectual property	5	5
Amortisation of goodwill	13	12
	<u>2,258</u>	<u>2,534</u>
Rent receivable – operating leases	(348)	(319)
(Profit)/loss on sale of tangible fixed assets	(1,423)	24
Auditor's remuneration – audit of these financial statements	39	35
Operating leases - property	21,142	19,403
- plant and machinery	795	748
	<u>21,909</u>	<u>19,881</u>

4. DIRECTORS' EMOLUMENTS

	<i>2011/12</i> <i>£000</i>	<i>2010/11</i> <i>£000</i>
Aggregate emoluments	797	5,780
Employer contributions to defined contribution pension schemes	4	10
	<u>801</u>	<u>5,790</u>

The amounts in respect of the highest paid director are as follows:

Emoluments	229	4,713
Defined benefit pension scheme:		
Accrued pension at end of year	65	65
	<u>294</u>	<u>4,778</u>

	<i>2011/12</i> <i>No.</i>	<i>2010/11</i> <i>No.</i>
Members of defined benefit pension schemes	3	4
Members of defined contribution pension schemes	2	1
	<u>5</u>	<u>5</u>

Executive bonuses are dependent on the achievement of financial targets and the performance of individual directors. Payments are made according to the rules of the company's senior management bonus scheme, or in exceptional circumstances at the discretion of the Remuneration Committee.

The Edinburgh Woollen Mill Limited
Registered Number: SC024081
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 25 February 2012

5. STAFF COSTS

	<i>2011/12</i> <i>£000</i>	<i>2010/11</i> <i>£000</i>
Wages and salaries	34,332	37,360
Social security costs	1,966	1,868
Other pension costs	379	773
	<u>36,677</u>	<u>40,001</u>

The average number of persons employed by the company during the year, all of whom were employed directly in retail or support associated activities, were as follows:

	<i>Number of employees</i>	
	<i>2011/12</i>	<i>2010/11</i>
Retail	3,391	3,263
Office and management	382	389
	<u>3,773</u>	<u>3,652</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

a. Analysis of charge for the year

	<i>2011/12</i>		<i>2010/11</i>	
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Current tax</i>				
UK corporation tax on profits of the year	5,750		5,967	
Adjustments in respect of previous periods	183		(103)	
	<u>5,933</u>		<u>5,864</u>	
<i>Deferred tax</i>				
Origination and reversal of timing differences	(79)		(89)	
Adjustments in respect of previous periods	(311)		(26)	
Pension scheme movements accounted for in the profit and loss account	187		244	
	<u>(203)</u>		<u>129</u>	
<i>Total deferred tax</i>				
		<u>5,730</u>		<u>5,993</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

b. Factors affecting the tax charge for the year

	<i>2011/12</i>	<i>2010/11</i>
	<i>£000</i>	<i>£000</i>
Profit on ordinary activities before taxation	24,770	21,233
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.19% (2010/11 – 28%)	6,486	5,945
Depreciation lower than capital allowances	402	53
Depreciation on non qualifying assets	5	52
Disallowable expenses	(302)	62
Non taxable income	(373)	-
Pension scheme movements	(187)	(244)
Adjustments to tax charge in respect of previous periods	183	(103)
Short term timing differences	(323)	36
UK transfer pricing adjustments	67	63
Group relief for nil consideration	(25)	-
Current tax charge	5,933	5,864

c. Factors affecting future tax charges:

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of four years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010, a reduction to 26% was substantively enacted on 29 March 2011, effective from 1 April 2011 and a further reduction to 25% was substantively enacted on 5 July 2011 and was to be effective from 1 April 2012.

The budget on 21 March 2012 proposed further changes to the UK corporation tax rate with the rate reducing to 24% from 1 April 2012 and a further two percent reduction to 22% by 1 April 2014. These changes had not been substantively enacted by the balance sheet date and consequently are not included in the financial statements. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future corporation tax charge and reduce the company's deferred tax assets accordingly.

The Edinburgh Woollen Mill Limited
Registered Number: SC024081
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 25 February 2012

7. INTANGIBLE FIXED ASSETS

	<i>Intellectual Property £000</i>	<i>Goodwill £000</i>	<i>Total £000</i>
Cost:			
As at 27 February 2011	53	128	181
Transfers from group companies	210	-	210
At 25 February 2012	263	128	391
Amortisation:			
At 27 February 2011	32	68	100
Provided during the year	5	13	18
At 25 February 2012	37	81	118
Net book value at 25 February 2012	226	47	273
Net book value at 26 February 2011	21	60	81

The intellectual property and goodwill arising on the acquisition of the business and assets of Hector Russell Limited is being amortised on a straight line basis over the directors' estimate of its useful economic life of a minimum of 10 years.

The intellectual property rights transferred from group companies are being amortised on a straight line basis over the directors' estimate of their useful economic life of 10 years.

The Edinburgh Woollen Mill Limited
Registered Number: SC024081
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 25 February 2012

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 27 February 2011	15,604	1,563	1,681	51,993	70,841
Additions	170	65	-	1,661	1,896
Disposals	(15)	-	-	(163)	(178)
Transfers to group companies	(11,395)	-	-	(36)	(11,431)
At 25 February 2012	4,364	1,628	1,681	53,455	61,128
Aggregate depreciation					
At 27 February 2011	6,031	1,478	1,608	45,437	54,554
Provided during the year	149	38	38	2,015	2,240
Disposals	(15)	-	-	(158)	(173)
Transfers to group companies	(2,301)	-	-	(9)	(2,310)
At 25 February 2012	3,864	1,516	1,646	47,285	54,311
Net book value					
At 25 February 2012	500	112	35	6,170	6,817
At 26 February 2011	9,573	85	73	6,556	16,287

The net book value of land and buildings consists of:

	<i>25 February 2012 £000</i>	<i>26 February 2011 £000</i>
Freehold land	-	3,240
Freehold buildings	-	5,337
Leasehold - long	-	154
- short	500	842
	500	9,573

The net book value of fixed assets above includes amounts in respect of assets held under finance leases of:

	<i>25 February 2012 £000</i>	<i>26 February 2011 £000</i>
Plant and machinery	24	20
Tenants' improvements, shopfittings	1,617	1,716
	1,641	1,736

The Edinburgh Woollen Mill Limited**Registered Number: SC024081****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 25 February 2012****9. INVESTMENTS**

	£000
Subsidiary undertakings – unlisted	
Cost:	
At 26 February 2011 and 25 February 2012	11,396
Amounts provided:	
At 26 February 2011 and 25 February 2012	(8,439)
Net book value at 26 February 2011 and 25 February 2012	2,957

Details of the investments in subsidiaries in which the company holds more than 20% of the nominal value of any class of share capital are as follows:

	Country of Incorporation or Registration	Proportion of Voting Rights & Ordinary Shares Held	Nature of Business
Antartex Limited	Scotland	100%	Non trading
Craftcentre Cymry Group Cyf	England	100%	Non trading
The Millshop Limited	Scotland	100%	Non trading
Pitlochry Knitwear Company Limited	Scotland	100%	Non trading
Edinglen Limited	Scotland	100%	Non trading
Gleneagles of Scotland (Woollens) Limited	Scotland	100%	Non trading
James Pringle Textiles	Scotland	100%	Non trading

10. STOCKS

	<i>25 February 2012 £000</i>	<i>26 February 2011 £000</i>
Finished goods	22,102	21,476

11. DEBTORS

	<i>25 February 2012 £000</i>	<i>26 February 2011 £000</i>
Trade debtors	398	536
Prepayments and accrued income	4,099	3,528
Amounts owed by group undertakings	426	1,199
Deferred tax (note 16)	147	-
	5,070	5,263

Included in amounts owed by group undertakings is an amount of £223,000 (2011 £223,000) which is due after more than one year.

The Edinburgh Woollen Mill Limited**Registered Number: SC024081****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 25 February 2012****12. CREDITORS: amounts falling due within one year**

	<i>25 February 2012 £000</i>	<i>26 February 2011 £000</i>
Obligations under finance leases (note 15)	700	784
Trade creditors	5,609	7,703
Corporation tax	3,265	2,773
Social security and other taxes including VAT	4,314	3,668
Other creditors and accruals	6,844	8,254
Amounts owed to group undertakings	280	2,092
Bank loans (note 14)	63	-
	<u>21,075</u>	<u>25,274</u>

The company has a bank overdraft facility which is secured by means of standard securities, legal charges, debentures, floating charges and cross guarantees over all the assets of the company, the company's ultimate parent, The Edinburgh Woollen Mill (Group) Limited, and certain obliger group companies.

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

	<i>25 February 2012 £000</i>	<i>26 February 2011 £000</i>
Amounts owed to group undertakings	3,529	18,179
Obligations under finance leases (note 15)	803	1,012
Bank loans (note 14)	204	-
	<u>4,536</u>	<u>19,191</u>

14. LOANS

Amounts repayable:		
In one year or less	63	-
In more than one year but not more than two years	63	-
In more than two years but not more than five years	141	-
	<u>267</u>	<u>-</u>
Less included in creditors due within one year	(63)	-
	<u>204</u>	<u>-</u>

Loans of £314,342 were received from Santander Bank on 25 March 2011. These loans are repayable by 20 quarterly instalments of £15,717 commencing 25 June 2011.

The Edinburgh Woollen Mill Limited

Registered Number: SC024081

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 February 2012

15. OBLIGATIONS UNDER FINANCE LEASES

The maturity of these amounts is as follows:

	<i>25 February 2012 £000</i>	<i>26 February 2011 £000</i>
Amounts payable (net of finance charges):		
Within one year	700	784
In two to five years	803	1,012
	<u>1,503</u>	<u>1,796</u>

16. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Environmental Costs £000</i>	<i>Dilapidations £000</i>	<i>Deferred Tax £000</i>	<i>Total £000</i>
At 27 February 2011	21	1,660	243	1,924
Charged/(credited) to profit and loss account	-	360	(390)	(30)
Utilised	-	(170)	-	(170)
Deferred tax asset reclassified to debtors	-	-	147	147
	<u>21</u>	<u>1,850</u>	<u>-</u>	<u>1,871</u>

Environmental Costs

A provision is recognised for the expected costs of carrying out environmental surveys as required by statute together with a provision for expected remedial costs.

Dilapidations

A provision is recognised for repairing obligations arising under the terms of property operating lease agreements. Provision is made where repairs are required and a schedule of dilapidations has been served by the landlord, or where there is a present obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Deferred taxation

Deferred taxation (recognised)/provided in the financial statements is as follows:

	<i>25 February 2012 £000</i>	<i>26 February 2011 £000</i>
Accelerated capital allowances	(137)	290
Other timing differences	(10)	(47)
	<u>(147)</u>	<u>243</u>

The deferred tax asset is shown in debtors at 25 February 2012.

The Edinburgh Woollen Mill Limited
Registered Number: SC024081
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 25 February 2012

17. DEFERRED INCOME

	<i>Capital Contributions & Reverse Premiums £000</i>
At 27 February 2011	58
Released to profit and loss account	(78)
Deferred revenue received	308
At 25 February 2012	288

18. SHARE CAPITAL

	<i>25 February 2012 £000</i>	<i>26 February 2011 £000</i>
Allotted, called up and fully paid 1,026,315,417 Ordinary shares of 5p each	51,316	51,316

19. 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>Merger Reserve £000</i>	<i>Profit and Loss Account £000</i>	<i>2011/12 Total £000</i>	<i>2010/11 Total £000</i>
At beginning of year	51,316	4,199	5,050	4,833	86,908	152,306	146,296
Profit for the year	-	-	-	-	19,040	19,040	15,240
Dividends	-	-	-	-	-	-	(9,500)
Net actuarial (loss)/gain in the year (see page 10)	-	-	-	-	(1,917)	(1,917)	270
At end of year	51,316	4,199	5,050	4,833	104,031	169,429	152,306

20. CAPITAL COMMITMENTS

	<i>25 February 2012 £000</i>	<i>26 February 2011 £000</i>
Amounts contracted for but not provided in the financial statements	25	52

21. OPERATING LEASE COMMITMENTS

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

	<i>25 February 2012</i>		<i>26 February 2011</i>	
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
	<i>Property</i>	<i>Other</i>	<i>Property</i>	<i>Other</i>
Leases which expire:				
Within one year	933	917	455	108
Between two and five years	8,588	2,297	7,700	467
In five years or more	9,718	-	9,917	-
	<u>19,239</u>	<u>3,214</u>	<u>18,072</u>	<u>575</u>

22. PENSION COMMITMENTS

The company operates a Group Personal Pension Plan with the defined benefit scheme closing for future accrual from 5 April 2011.

Defined Benefit Scheme

The company accounts for the closed defined benefit scheme by means of 'FRS 17 Retirement Benefits'. Under FRS 17: Retirement Benefits, the assets of the defined benefit scheme are included at market value and this is compared to the present value of the scheme liabilities.

The defined benefit scheme provided benefits based on final pensionable salary for directors, management and certain other staff employees. The scheme has been closed to new entrants for many years and as mentioned, it closed to future accrual at 5 April 2011.

Contributions to the scheme are determined by a qualified actuary in conjunction with the directors by means of triennial actuarial valuations and annual actuarial reports using the Projected Unit Method. For closed schemes, the current service cost under the Projected Unit Method will increase as the members of the scheme approach retirement.

Contributions made in the year amounted to £633,000 (2011 - £881,000). There were no outstanding or overpaid contributions at 25 February 2012. (At 26 February 2011 there were overpaid contributions of £14,000).

The latest full actuarial valuation was carried out at 6 April 2009 and was updated for FRS 17 purposes to 25 February 2012.

The information disclosed below is in respect of the whole of the scheme for which the company is the sponsoring employer throughout the year shown.

22. PENSION COMMITMENTS (CONTINUED)

The Actuarial Financial Assumptions in this valuation were:

	25 February 2012 % pa	26 February 2011 % pa
Rate of increase in pensionable salaries	N/A	2.65
Rate of increase of pensions:		
LPI – 5.0%	2.80	3.40
LPI – 2.5%	2.50	2.50
Rate of revaluation of deferred pensions in excess of the GMP	2.05	2.65
Rate of price inflation - RPI	2.80	3.40
Rate of price inflation – CPI	2.05	2.65
Discount rate	4.75	5.50
Expected return on the scheme assets at the beginning of each year	6.87	7.17

The Actuarial Demographic Assumptions in this valuation were:

Mortality	SIPA year of birth MC 1% underpin 20% increase in rates	SIPA year of birth MC 1% underpin 20% increase in rates
Life expectancy at age 60 for someone who is currently 60 (pensioner)	Male = 24.4 years Female = 27.1 years	Male = 24.3 years Female = 27.0 years
Life expectancy at age 60 for someone who is currently 45 (non-pensioner)	Male = 26.0 years Female = 28.6 years	Male = 25.9 years Female = 28.5 years
Cash commutation allowance	25%	25%
Withdrawal allowance	None	None

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale concerned, may not necessarily be borne out in practice.

22. PENSION COMMITMENTS (CONTINUED)

The fair value of the scheme's assets, which are not intended to be substantially realised in the short term and may be subject to significant change before they are realised and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	25 February 2012			26 February 2011		
	<i>Longer term rate of return expected</i>	<i>Value</i>	<i>Total</i>	<i>Long term rate of return expected</i>	<i>Value</i>	<i>Total</i>
	<i>%</i>	<i>£000</i>	<i>%</i>	<i>%</i>	<i>£000</i>	<i>%</i>
Equities	7.9	7,698	31.2	8.4	12,023	48.8
Gilts	4.4	-	-	4.5	1,859	7.5
Bonds	5.5	7,424	30.0	5.7	7,613	30.7
Hedge Funds	7.9	8,516	34.5	8.4	3,135	13.0
Other	0.5	1,034	4.3	3.5	84	-
Fair value of scheme assets	6.9	24,672	100.0	7.2	24,764	100.0
Present value of funded defined benefit obligations		(27,271)			(25,541)	
Deficit in the scheme		(2,599)			(777)	
Related deferred tax asset		650			218	
Net pension liability on an FRS 17 basis		(1,949)			(559)	

The scheme assets do not include investments issued by The Edinburgh Woollen Mill Limited nor any property occupied by The Edinburgh Woollen Mill Limited.

The overall expected rate of return of the scheme assets has been based on the average expected return for each asset class, weighted by the amount of assets in each class.

22. PENSION COMMITMENTS (CONTINUED)

Movements in fair value of scheme assets

	2011/12	2010/11
	£000	£000
At beginning of year	24,764	21,961
Expected return on scheme assets	1,677	1,575
Contributions by employer	633	881
Contributions by employees	18	106
Benefits paid	(957)	(840)
Actuarial (losses)/gains	(1,463)	1,081
At end of year	24,672	24,764
Actual return on scheme assets	214	2,656

As a result of the deficit arising in the actuarial valuation at 6 April 2009 the company agreed a Recovery Plan with the Scheme Trustees. A payment of £450,000 was made in December 2011 being the second payment of the 10 year Recovery Plan.

Additionally a further £100,000 payment was made in July 2011 to fund the augmented benefits of the active members of the scheme as at 5 April 2011 as a result of the cessation of pension accrual.

Movements in present value of defined benefit obligations

	2011/12	2010/11
	£000	£000
At beginning of year	25,541	23,985
Current service cost	134	560
Interest cost	1,379	1,358
Contributions by members	18	106
Gains on curtailments	-	(334)
Past service costs	83	-
Actuarial losses	1,073	706
Benefits paid	(957)	(840)
At end of year	27,271	25,541

22. PENSION COMMITMENTS (CONTINUED)

Expense recognised in the profit and loss account:

	2011/12	2010/11
	£000	£000
Current service cost	(134)	(560)
Expected return on defined benefit pension scheme assets	1,677	1,575
Interest on defined benefit pension scheme obligations	(1,379)	(1,358)
Gains on settlements and curtailments	-	334
Past service cost	(83)	-
	<u>81</u>	<u>(9)</u>

The expense is recognised in the following line items in the profit and loss account:

	2011/12	2010/11
	£000	£000
Administrative expenses	(217)	(226)
Other finance income	298	217
	<u>81</u>	<u>(9)</u>

Analysis of amount charged to statement of total recognised gains and losses:

	2011/12	2010/11
	£000	£000
Actual return less expected return on pension scheme assets	(1,463)	1,081
Experience gains and losses arising on the scheme liabilities	(31)	92
Changes in the financial assumptions underlying the present value of the scheme liabilities	(1,042)	(798)
	<u>(2,536)</u>	<u>375</u>

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial losses is £2,536,000 (2010/11: gain of £375,000).

Cumulative actuarial losses reported in the statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17, are £1,682,000 (2010/11: gains of £854,000).

22. PENSION COMMITMENTS (CONTINUED)

History of the scheme:

	2011/12 £000	2010/11 £000	2009/10 £000	2008/09 £000	2007/08 £000
Defined benefit obligation	(27,271)	(25,541)	(23,985)	(18,737)	(19,071)
Scheme assets	24,672	24,764	21,961	18,800	20,620
(Deficit)/surplus	(2,599)	(777)	(2,024)	63	1,549

Actual return less expected return on scheme assets:

Amount	(1,463)	1,081	2,046	(3,065)	(1,447)
Percentage of scheme assets	(5.9%)	4.4%	9.3%	(16.3%)	(7.0%)

Experience (losses)/gains on scheme liabilities:

Amount	(31)	92	(545)	1,051	(96)
Percentage of the present value of plan liabilities	(0.1%)	0.4%	(2.3%)	5.6%	(0.5%)

Note: The Scheme holds quoted securities and these have been valued at bid-price for year ending 25 February 2012 and the three previous years. The corresponding amounts from earlier years have not been restated.

The company expects to contribute approximately £450,000 to its defined benefit scheme in the next financial year.

Group Personal Pension Plan

The Group Personal Pension Plan provides money purchase benefits for employees of the Company based on the accumulated contributions paid on behalf of each member.

The charge to the Company for the year was £337,000 (year to 26 February 2011 - £264,000).

The unpaid contributions outstanding at the year end, included in 'Other creditors and accruals' (note 12) were £48,000 (2011 - £37,000).

23. RELATED PARTY TRANSACTIONS

During the year, services totalling £990,499 (year to 26 February 2011 - £646,044) have been provided to the Company at normal market prices by Hayton Construction. P Day's wife is the sole proprietor of Hayton Construction. At the balance sheet date the amount due to Hayton Construction was £371,710 (2011 - £nil).

The company has taken advantage of the exemptions allowed under FRS 8 not to disclose transactions with other group companies.

24. CONTINGENT LIABILITIES

In conjunction with certain other companies in the Group, the company has granted guarantees to secure the loans, overdrafts and committed revolving credit facilities of the companies in the group banking arrangements as follows:

	<i>25 February 2012 £000</i>	<i>26 February 2011 £000</i>
Total Group Revolving Credit and Ancillary Facilities	85,000	43,600
Contingent liability to the company based on group utilisation of facilities at year end	190,794	177,848

25. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's ultimate parent company is The Edinburgh Woollen Mill (Group) Limited which is incorporated in Scotland. The only group in which the results of the Company are consolidated is that headed by The Edinburgh Woollen Mill (Group) Limited. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.