Registered number: SC118794

EQUORIUM PROPERTY COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2 MARCH 2019

EQUORIUM PROPERTY COMPANY LIMITED

COMPANY INFORMATION

Directors	Philip Day Steve Simpson
Company secretary	June Carruthers
Registered number	SC118794
Registered office	Waverley Mills Langholm Dumfriesshire DG13 0EB
Independent auditor	KPMG LLP Quayside House 110 Quayside Newcastle Upon Tyne NE1 3DX

EQUORIUM PROPERTY COMPANY LIMITED

CONTENTS

DIRECTORS' REPORT
FOR THE 27-WEEK PERIOD ENDED 2 MARCH 2019

The directors present their report and the financial statements for the 27-week period ended 2 March 2019.

Principal activity

The principal activity of the company is the holding and renting out of commercial and residential properties to group companies and third parties.

Results and dividends

The loss for the period, after taxation, amounted to £3,282,000 *(2018 - £21,000)*.

The directors do not recommend the payment of a dividend *(2018 - £nil)*.

Directors

The directors who served during the period and to the date of this report were:

Philip Day
Steve Simpson

Future developments

The Company's underlying performance is expected to continue throughout the next financial period and it is anticipated that the current performance levels will be maintained.

Disclosure of information to auditor

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

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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

June Carruthers
Secretary
Date: 25 November 2019

Waverley Mills
Langholm
Dumfriesshire
DG13 0EB

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

FOR THE PERIOD ENDED 2 MARCH 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUORIUM PROPERTY COMPANY LIMITED

Opinion

We have audited the financial statements of Equorium Property Company Limited ("the company") for the period ended 2 March 2019 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 March 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as valuation of investment properties and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover this report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the directors' report
- in our opinion the information given in the report for the financial period is consistent with the financial statements; and
- in our opinion the report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Paul Moran (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle Upon Tyne
NE1 3DX

29 November 2019

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE 27-WEEK PERIOD ENDED 2 MARCH 2019

	Note	27 week Period ended 2 March 2019 £000	*78 week Period ended 25 August 2018 £000*
Turnover	3	**4,062**	*9,550*
Cost of sales		**(99)**	*(349)*
Gross profit		**3,963**	*9,201*
Administrative expenses		**(894)**	*(2,005)*
Other operating income	4	**6,818**	-
Other operating charges	4	**(10,798)**	*(4,261)*
Operating (loss)/profit	4	**(911)**	*2,935*
Income from other fixed asset investments	8	-	*7,547*
Amounts written off fixed asset investments	12	-	*(7,105)*
Interest payable and similar charges	9	**(1,333)**	*(2,460)*
(Loss)/profit before tax		**(2,244)**	*917*
Tax on loss/(profit)	10	**(1,038)**	*(938)*
Loss for the period		**(3,282)**	*(21)*

There is no other comprehensive income for 2019 or 2018, other than the result shown above.

BALANCE SHEET
AS AT 2 MARCH 2019

	Note		2 March 2019 £000		*25 August 2018 £000*
Fixed assets					
Tangible assets	11		**221**		*249*
Investments	12		**181**		*121*
Investment property	13		**162,234**		*148,887*
			162,636		*149,257*
Current assets					
Debtors	14	**353**		*1,008*	
Cash at bank and in hand		**292**		*101*	
		645		*1,109*	
Creditors: amounts falling due within one year	15	**(158,779)**		*(143,349)*	
Net current liabilities			**(158,134)**		*(142,240)*
Total assets less current liabilities			**4,502**		*7,017*
Provisions for liabilities	16		**(806)**		*(39)*
Net assets			**3,696**		*6,978*
Capital and reserves					
Called up share capital	17		**-**		*-*
Profit and loss account			**3,696**		*6,978*
Shareholders' funds - equity			**3,696**		*6,978*

The Company's financial statements have been delivered in accordance with the provisions applicable to companies' subject to the small companies' regime.

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

Steve Simpson
Director

Date: 25 November 2019

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 2 MARCH 2019

	Retained earnings £000	Total equity £000
At 25 February 2017	**6,999**	**6,999**
Total comprehensive income		
Loss for the period	(21)	(21)
At 25 August 2018	**6,978**	**6,978**
Total comprehensive income		
Loss for the period	(3,282)	(3,282)
At 2 March 2019	**3,696**	**3,696**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 MARCH 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

Equorium Property Company Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements are drawn up for the 27-period ended 2 March 2019. The comparative figures are for the 78-week period ended 25 August 2018.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The principal accounting policies adopted by the Company have been applied consistently throughout the period.

The company applies for the first time IFRS 9 "Financial instruments". Refer to note 1.10 for details of the transition to this standard.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The company's ultimate parent undertaking, The Edinburgh Woollen Mill (Group) Limited, includes the company in its consolidated financial statements. The consolidated financial statements of The Edinburgh Woollen Mill (Group) Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

1.2 Financial reporting standard 101 - reduced disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

1. Accounting policies (continued)

1.2 *Financial reporting standard 101 - reduced disclosure exemptions (continued)*

As the consolidated financial statements of The Edinburgh Woollen Mill (Group) Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 'Impairment of assets' in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 'Fair Value Measurement'; and
- The disclosures required by IFRS 7 'Financial Instrument Disclosures'.

1.3 Going concern

The financial statements have been prepared on the going concern basis notwithstanding the net current liabilities of £158,134,000 at 2 March 2019 (2018 - £142,240,000), and a loss in the period of £3,282,000. The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, The Edinburgh Woollen Mill (Group) Limited, to meet its liabilities as they fall due for that period.

The company is dependent for its working capital on funds provided by group companies. The company's ultimate parent undertaking, The Edinburgh Woollen Mill (Group) Limited, has indicated that for at least twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to pay its liabilities as they fall due and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. In reaching this conclusion, the directors have considered the financial position of The Edinburgh Woollen Mill (Group) Limited which has substantial net assets and cash reserves at the period end. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of rental income recoverable during the period, exclusive of value added tax. Rental income is recognised on a straight line basis over the period of the rental agreement. All turnover was derived from continuing activities in the UK.

1.5 Investments

Investments in subsidiary undertakings are held at cost less provision for impairment where the directors consider that an impairment in the value has occurred.

1. Accounting policies (continued)

1.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation on assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is provided on the following basis:

Fixtures and fittings	25% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

1.7 Impairments excluding stock and deferred tax assets

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

1. Accounting policies (continued)

1.7 Impairments excluding stock and deferred tax assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.8 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value.

In applying the fair value model in IAS 40 Investment Property:

- investment properties are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- no depreciation is provided in respect of investment properties applying the fair value model.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the turnover accounting policy.

1.9 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1. Accounting policies (continued)

1.10 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL). The classification is based on two criteria:

- the Company's business model for managing the assets; and
- whether the instruments' contractual cash flows represent "Solely Payments of Principal and Interest" on the principal amount outstanding (the "SPPI criterion").

A summary of the Company's financial assets is as follows:

Financial assets Classification under IFRS 9

Derivatives not designated as hedging instruments	Fair value through profit or loss
Customer and other receivables	Amortised cost – hold to collect business model and SPPI met
Cash and short term deposits	Amortised cost

Under IFRS 9 the Company initially measures a financial asset at its fair value plus directly attributable transaction costs, unless the asset is classified as FVPL. Transactional costs of financial assets carried at FVPL are expensed in the Income Statement.

Investments

Investments in subsidiary undertakings are held at cost less provision for impairment where the directors consider that an impairment in the value has occurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash deposits.

Subsequent measurement

A summary of the subsequent measurement of financial assets is set out below.

Financial assets at FVPL - Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - Subsequently measured at amortised cost using the effective interest rate (EIR) method. The amortised cost is reduced by impairment losses. Interest income, impairment or gain or loss on derecognition are recognised in profit or loss.

1. Accounting policies (continued)

1.10 Financial instruments – initial recognition and subsequent measurement (continued)

Derecognition

A financial asset is derecognised primarily when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a "pass-through" arrangement; and either a) the Company has transferred substantially all the risks and rewards of the asset, or b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment – financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. The most significant financial assets of the Company are its trade receivables, which are referred to as "customer and other receivables". ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

Financial liabilities and equity

Initial recognition and measurement

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Financial liabilities Classification under IFRS 9

Derivatives not designated as hedging instruments	Fair value through profit or loss
Interest-bearing loans and borrowings:	
Bank loans and overdrafts	Amortised cost
Trade and other payables	Amortised cost

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1. Accounting policies (continued)

1.10 Financial instruments – initial recognition and subsequent measurement (continued)

Subsequent measurement

A summary of the subsequent measurement of financial liabilities is set out below.

Financial liabilities at FVPL - Subsequently measured at fair value. Gains and losses are recognised in the Income Statement.

Loans and borrowings - Subsequently measured at amortised cost using the EIR method. The EIR amortisation is included in finance costs in the Income Statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention and ability to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

For the financial period ended 2 March 2019 the Company has adopted IFRS 9 "*Financial instruments*" for the first time. The nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not effective.

IFRS 9 *"Financial instruments"*

IFRS 9 replaces IAS 39 "*Financial instruments: recognition and measurement*" for annual periods beginning on or after 1 January 2018, which covers the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group applied IFRS 9 retrospectively. The impact of the application of IFRS 9 was not material to the net assets or profit for the period or prior period. Prior period balances have not been restated for IFRS 9.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements.

2. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

Investment property

The cost of all investment properties has been included at directors' valuation at the balance sheet date. For additions the purchase price is considered to be equal to the market value on the basis that these were acquired on an arm's length basis. Investment properties that have been valued during the period reflect any increases or decreases from those valuations. The directors do not believe there has been a significant movement in the value of the remaining properties.

3. Turnover

Turnover arose from the rental of commercial and residential properties of £4,062,000 (2017: £9,550,000) in the UK.

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	Period ended 2 March 2019 £000	*Period ended 25 August 2018 £000*
Depreciation of tangible fixed assets	102	*294*
Fair value adjustment of investment properties	10,798	*4,261*
Fair value adjustment of investment properties	(6,818)	-

5. Auditor's remuneration

The company paid the following amounts to its auditor in respect of the audit of the financial statements:

	Period ended 2 March 2019 £000	*Period ended 25 August 2018 £000*
Auditor's remuneration	4	*6*

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the ultimate parent company.

6. Employees

The company has no employees other than the directors *(2018 - NIL)*.

7. *Directors' remuneration*

No directors' emoluments were incurred in either period. The directors did not provide any material qualifying services to the Company. All directors who served during the period were employed by The Edinburgh Woollen Mill Limited and were remunerated through that Company.

Retirement benefits are accruing to one director (2018 - one) under a group defined benefit pension scheme and one director (2018 - one) under a group defined contribution pension scheme.

8. Income from other fixed asset investments

	Period ended 2 March 2019 £000	*Period ended 25 August 2018 £000*
Dividend income from fixed asset investments	**-**	*7,547*

9. Interest payable and similar charges

	Period ended 2 March 2019 £000	*Period ended 25 August 2018 £000*
Loans from group undertakings	**1,333**	*2,460*

10. Taxation

	Period ended 2 March 2019 £000	*Period ended 25 August 2018 £000*
Corporation tax		
Current tax on (loss)/profit for the period	**316**	*961*
Adjustments in respect of previous periods	**(45)**	*(16)*
Total current tax	**271**	*945*
Deferred tax		
Adjustments in respect of previous periods	**53**	*(6)*
Investment property gains	**694**	*-*
Origination and reversal of timing differences	**20**	*(1)*
Total deferred tax	**767**	*(7)*
Taxation on (loss)/profit	**1,038**	*938*

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than *(2018 - higher than)* the standard rate of corporation tax in the UK of 19% *(2018 – 19.06%)*. The differences are explained below:

	Period ended 2 March 2019 £000	*Period ended 25 August 2018 £000*
Loss for the period	(3,282)	*(21)*
Total tax expense	1,038	*938*
(Loss)/profit before tax	**(2,244)**	*917*
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19.06%)	(426)	*175*
Effects of:		
Rate difference	-	*(8)*
Adjustments to tax charge in respect of prior periods	7	*(22)*
Disallowable expenses and non-taxable income	1,569	*817*
Potential tax on revalued properties	(98)	*-*
Transfer pricing adjustments	(14)	*(24)*
Total tax charge for the period	**1,038**	*938*

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax at the balance sheet date has been calculated based on these rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 MARCH 2019

11. Tangible fixed assets

	Fixtures and fittings £000
Cost	
At 26 August 2018	**918**
Additions	74
At 2 March 2019	**992**
Depreciation	
At 26 August 2018	**669**
Charge for the period	102
At 2 March 2019	**771**
Net book value	
At 2 March 2019	**221**
At 25 August 2018	*249*

12. Fixed asset investments

	Shares in group undertakings £000
Cost	
At 26 August 2018	**7,226**
Additions	60
At 2 March 2019	**7,286**
Provisions	
At 26 August 2018 and at 2 March 2019	**7,105**
Net book value	
At 2 March 2019	**181**
At 25 August 2018	*121*

On 6 November 2018, the company acquired the entire issued share capital of High Street Skipton Limited and on 17 January 2019, the company acquired the entire issued share capital of Holton Road 140A Limited.

12. *Fixed asset investments (continued)*

Subsidiary undertakings
The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Hayton Construction Limited	England	Ordinary	100 %	Investment company
Geltbridge Land Limited	England	Ordinary	100 %	Investment company
Edmond Castle Propco Limited	England	Ordinary	100 %	Holding company
*Edmond Castle Estates (2008)	England	Ordinary	100 %	Investment company
Hayton Agriculture Limited	England	Ordinary	100 %	Agricultural services
Hayton Leisure Limited	England	Ordinary	100 %	Hospitality services
Rutmark Properties Limited	England	Ordinary	100 %	Investment company
High Street Skipton Limited	England	Ordinary	100 %	Investment company
Holton Road 140A Limited	England	Ordinary	100 %	Investment company
Newquay Property Limited	England	Ordinary	100 %	Investment company

* owned by a subsidiary company

All of the companies listed above which are incorporated in England, have their registered office address at Global House, 5 Castle Street, Carlisle, Cumbria, CA3 8SY.

13. Investment property

	£000
Valuation	
At 26 August 2018	**148,887**
Acquisitions	17,327
Fair value adjustments	6,818
Fair value adjustments	(10,798)
At 2 March 2019	**162,234**

Valuation technique and significant assumptions

The following discusses the valuation technique and significant assumptions in measuring the fair value of investment property.

Valuation Technique
Desktop valuations were conducted both by internal property professionals and by Edwin Thompson LLP in July 2019, in compliance with the requirements and practice statements of the RICS valuation – Global Standards effective from July 2017 incorporating the International Valuation Standards.

The basis of the valuations was fair value subject to pertaining leases, having regard for yield, length of lease and life remaining, sale of properties in the area and rental values.

13. Investment property (continued)

Significant assumptions

Contamination – The valuation assumes that the property is not affected by environmental contamination

Site conditions – No site investigations, archaeological, ecological or environmental surveys have been undertaken as part of the valuation

Structural surveys – The valuation report should not be regarded as a structural survey and no inspection of the property has been undertaken in this regard or services tested, with the property assumed to be in satisfactory repair and condition unless apparent defects or items of disrepair have been previously identified or known.

Fixtures, fittings, plant and machinery – All fixtures, fittings plant and machinery are excluded from the valuation unless stated otherwise. The valuation also excludes any element of goodwill, trade equipment and moveable fixtures and fittings within the property. Items forming part of normal building services and installations are included within the valuation.

The historical cost of the investment property is £170,475,000 (2018: £153,148,000).

14. Debtors

	2 March 2019 £000	*25 August 2018 £000*
Trade debtors	**122**	*92*
Amounts owed by group undertakings	**-**	*248*
Other debtors	**-**	*138*
Prepayments and accrued income	**231**	*530*
	353	*1,008*

15. Creditors: Amounts falling due within one year

	2 March 2019 £000	*25 August 2018 £000*
Trade creditors	**114**	*1,047*
Amounts owed to group undertakings	**156,849**	*140,556*
Corporation tax	**902**	*631*
Taxation and social security	**270**	*-*
Accruals and deferred income	**644**	*1,115*
	158,779	*143,349*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 MARCH 2019

16. Deferred taxation

	2 March 2019 £000	*25 August 2018 £000*
At beginning of period	**39**	*(94)*
On acquisition of investment property	**-**	*140*
Recognised in profit or loss	**767**	*(7)*
At end of period	**806**	*39*

The provision for deferred taxation is made up as follows:

	2 March 2019 £000	*25 August 2018 £000*
Accelerated capital allowances	**63**	*(10)*
Other timing differences	**(91)**	*(91)*
Investment property revaluations	**834**	*140*
	806	*39*

17. Share capital

	2 March 2019 £	*25 August 2018 £*
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	**2**	*2*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

18. Controlling party

The company's ultimate parent company is The Edinburgh Woollen Mill (Group) Limited which is incorporated in Scotland and prepares group financial statements in which the company is consolidated. The registered office address of the ultimate parent company is Waverley Mill, Langholm, Dumfriesshire, DG13 0EB.

The company's immediate parent company is EWM (2011) Limited, having a registered office at Waverley Mill, Langholm, Dumfriesshire, DG13 0EB.

By virtue of his shareholding in the ultimate parent company P. Day is the ultimate controlling party.