
EQUORIUM PROPERTY COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 25 AUGUST 2018



EQUORIUM PROPERTY COMPANY LIMITED

COMPANY INFORMATION

Directors	Philip Day Steve Simpson Kristian Lee (resigned 1 June 2017) Robert Edmonds (appointed and resigned 21 August 2017)
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

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EQUORIUM PROPERTY COMPANY LIMITED

DIRECTORS' REPORT FOR THE 78-WEEK PERIOD ENDED 25 AUGUST 2018

The directors present their report and the financial statements for the 78-week period ended 25 August 2018.

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 £21,000 (*2017 profit - £1,954,000*).

The directors do not recommend the payment of a dividend (*2017 - £nil*).

Directors

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

Philip Day
Steve Simpson
Kristian Lee (resigned 1 June 2017)
Robert Edmonds (appointed and resigned 21 August 2017)

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.

Post balance sheet events

In December 2018, the company acquired the entire issued share capital of Holton Road 140a Limited.

In February 2019, the company acquired the entire issued share capital of High Street Skipton Limited.

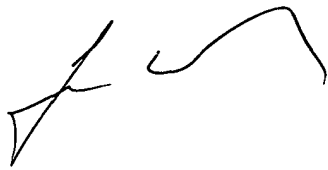
EQUORIUM PROPERTY COMPANY LIMITED

**DIRECTORS' REPORT
FOR THE 78-WEEK PERIOD ENDED 25 AUGUST 2018**

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 17 May 2019

Waverley Mills
Langholm
Dumfriesshire
DG13 0EB

EQUORIUM PROPERTY COMPANY LIMITED

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

FOR THE PERIOD ENDED 25 AUGUST 2018

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 25 August 2018 which comprise the profit and loss account, 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 25 August 2018 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, impairment of financial and non-financial assets 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

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

- 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

22 May 2019

EQUORIUM PROPERTY COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE 78-WEEK PERIOD ENDED 25 AUGUST 2018**

	Note	Period ended 25 August 2018 £000	52 weeks ended 25 February 2017 £000
Turnover	3	9,550	4,555
Cost of sales		(349)	(339)
Gross profit		9,201	4,216
Administrative expenses		(2,005)	(818)
Other operating charges	13	(4,261)	-
Operating profit	4	2,935	3,398
Income from other fixed asset investments	8	7,547	-
Amounts written off fixed asset investments	12	(7,105)	-
Interest payable and similar charges	9	(2,460)	(1,022)
Profit before tax		917	2,376
Tax on profit	10	(938)	(422)
(Loss)/Profit for the period		(21)	1,954

There is no other comprehensive income for 2018 or 2017, other than the result shown above.

EQUORIUM PROPERTY COMPANY LIMITED
REGISTERED NUMBER: SC118794

BALANCE SHEET
AS AT 25 AUGUST 2018

	Note	25 August 2018 £000	25 February 2017 £000
Fixed assets			
Tangible assets	11	249	465
Investments	12	121	121
Investment property	13	<u>148,887</u>	<u>88,786</u>
		149,257	89,372
Current assets			
Debtors	14	1,008	493
Cash at bank and in hand		<u>101</u>	<u>489</u>
		1,109	982
Creditors: amounts falling due within one year	15	<u>(143,349)</u>	<u>(83,355)</u>
Net current liabilities		(142,240)	(82,373)
Total assets less current liabilities		7,017	6,999
Provisions for liabilities	17	<u>(39)</u>	<u>-</u>
Net assets		<u>6,978</u>	<u>6,999</u>
Capital and reserves			
Called up share capital	18	-	-
Profit and loss account		<u>6,978</u>	<u>6,999</u>
Shareholders' funds - equity		<u>6,978</u>	<u>6,999</u>

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: 17 May 2019

EQUORIUM PROPERTY COMPANY LIMITED
REGISTERED NUMBER: SC118794

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 25 AUGUST 2018

	Retained earnings £000	Total equity £000
At 28 February 2016	5,045	5,045
Total comprehensive income		
Profit for the year	1,954	1,954
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

EQUORIUM PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 AUGUST 2018

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 78-period ended 25 August 2018. The comparative figures are for the 52-week period ended 25 February 2017.

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 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.

EQUORIUM PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 AUGUST 2018

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 £142,240,000 at 25 August 2018 (2017 - £82,373,000), and a loss in the period of £21,000. 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. All turnover was derived from continuing activities in the UK and is recognised on a straight line basis over the rental agreement.

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.

EQUORIUM PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 AUGUST 2018

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
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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

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

EQUORIUM PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 AUGUST 2018

1. Accounting policies (continued)

1.7 Impairments excluding stock and deferred tax assets (continued)

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.

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.

EQUORIUM PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 AUGUST 2018

1. Accounting policies (continued)

1.9 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.8 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.

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.

EQUORIUM PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 AUGUST 2018

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

Valuation of 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 at the balance sheet date and the directors do not believe there has been a significant movement in the value of the remaining properties.

Impairment of assets

Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to sell. Value in use is calculated from expected future cash flows using suitable discount rates and includes management assumptions and estimates of future performance.

3. Turnover

Turnover arose from the rental of commercial and residential properties of £9,550,000 (2017: £4,555,000) in the UK.

4. Operating profit

The operating profit is stated after charging:

	Period ended 25 August 2018 £000	52 weeks ended 25 February 2017 £000
Impairment of investment property (note 13)	4,261	-
Depreciation of tangible fixed assets	294	161

5. Auditor's remuneration

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

	Period ended 25 August 2018 £000	52 weeks ended 25 February 2017 £000
Auditor's remuneration	6	3

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 (2017 - NIL).

EQUORIUM PROPERTY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 AUGUST 2018**

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 directors (2017 - one) under a group defined benefit pension scheme and one director (2017 - one) under a group defined contribution scheme.

8. Income from other fixed asset investments

	Period ended 25 August 2018 £000	<i>52 weeks ended 25 February 2017 £000</i>
Dividend income from fixed asset investments	<u>7,547</u>	<u>-</u>

9. Interest payable and similar charges

	Period ended 25 August 2018 £000	<i>52 weeks ended 25 February 2017 £000</i>
Loans from group undertakings	<u>2,460</u>	<u>1,022</u>

10. Taxation

	Period ended 25 August 2018 £000	<i>52 weeks ended 25 February 2017 £000</i>
Corporation tax		
Current tax on profits for the period	961	619
Adjustments in respect of previous periods	<u>(16)</u>	<u>(101)</u>
Total current tax	945	518
Deferred tax		
Adjustments in respect of previous periods	(6)	-
Origination and reversal of timing differences	<u>(1)</u>	<u>(96)</u>
Total deferred tax	(7)	(96)
Taxation on profit	<u>938</u>	<u>422</u>

EQUORIUM PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 AUGUST 2018

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19.06% (2017 – 20%). The differences are explained below:

	Period ended 25 August 2018 £000	52 weeks ended 25 February 2017 £000
(Loss)/profit for the period	(21)	1,954
Total tax expense	938	422
Profit before tax	917	2,376
Profit multiplied by standard rate of corporation tax in the UK of 19.06% (2017 – 20%)	175	475
Effects of:		
Rate difference	(8)	-
Adjustments to tax charge in respect of prior periods	(22)	(101)
Disallowable expenses and non-taxable income	817	63
Transfer pricing adjustments	(24)	(15)
Total tax charge for the period	938	422

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 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.

EQUORIUM PROPERTY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 AUGUST 2018**

11. Tangible fixed assets

	Fixtures and fittings £000
Cost	
At 26 February 2017	840
Additions	78
At 25 August 2018	918
Depreciation	
At 26 February 2017	375
Charge for the period	294
At 25 August 2018	669
Net book value	
At 25 August 2018	249
At 25 February 2017	465

12. Fixed asset investments

	Shares in group undertakings £000
Cost	
At 26 February 2017	121
Additions	7,105
At 25 August 2018	7,226
Provisions	
At 26 February 2017	-
Impairment losses	7,105
At 25 August 2018	7,105
Net book value	
At 25 August 2018	121
At 25 February 2017	121

On 13 April 2017, the company acquired the entire issued share capital of Rutmark Properties Limited. During the period, the investment properties owned by Rutmark Properties Limited were acquired by the company. Rutmark Properties Limited then declared a dividend of £7,547,000 (note 8) which resulted in the impairment charge of £7,105,000.

EQUORIUM PROPERTY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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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

* 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

	25 August 2018 £000
Valuation	
At 26 February 2017	88,786
Acquisitions	64,362
Fair value adjustments	(4,261)
At 25 August 2018	148,887

Valuation technique and significant assumptions

The following table shows 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 2018, 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.

EQUORIUM PROPERTY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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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.

Insurance – The valuation assumes that all appropriate insurance cover is in place.

The historical cost of the investment property is £153,148,000 (2017: £88,786,000).

14. Debtors

	25 August 2018 £000	25 February 2017 £000
Trade debtors	92	-
Amounts owed by group undertakings	248	342
Other debtors	138	11
Prepayments and accrued income	530	46
Deferred tax (note 17)	-	94
	1,008	493

15. Creditors: Amounts falling due within one year

	25 August 2018 £000	25 February 2017 £000
Other loans	-	3,250
Trade creditors	1,047	247
Amounts owed to group undertakings	140,556	77,782
Corporation tax	631	452
Taxation and social security	-	163
Other creditors	-	109
Accruals and deferred income	1,115	1,352
	143,349	83,355

A loan received in 2013 in connection with a property purchase was fully repaid in the period.

EQUORIUM PROPERTY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. Loans

Analysis of the maturity of loans is given below:

	25 August 2018 £000	25 February 2017 £000
Other loans falling due within one year	-	3,250

17. Deferred taxation

	25 August 2018 £000	25 February 2017 £000
At beginning of period	(94)	2
On acquisition of investment property	140	-
Recognised in profit or loss	(7)	(96)
At end of period	39	(94)

The provision for deferred taxation is made up as follows:

	25 August 2018 £000	25 February 2017 £000
Accelerated capital allowances	(10)	(94)
Other timing differences	(91)	-
Revaluations	140	-
	39	(94)

18. Share capital

	25 August 2018 £	25 February 2017 £
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.

19. 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.