

EWM (IP) Limited

Annual Report and Financial Statements

Year ended 26 February 2011

Registered Number : SC285031

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EWM (IP) LIMITED
Registered Number: SC285031

ANNUAL REPORT AND FINANCIAL STATEMENTS

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EWM (IP) LIMITED
Registered Number: SC285031

DIRECTORY

DIRECTORS

P E Day
D O Houston

SECRETARY

J Carruthers

AUDITORS

KPMG LLP
191 West George Street
Glasgow
G2 2LJ

BANKERS

Barclays Bank plc
77 Albion Street
Leeds
LS1 5LD

SOLICITORS

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

REGISTERED OFFICE

Waverley Mills
Langholm
Dumfriesshire
DG13 OEB

EWM (IP) LIMITED
Registered Number: SC285031

DIRECTORS' REPORT

The directors present their report and financial statements for the 52 weeks to 26 February 2011.

PRINCIPAL ACTIVITY

The principal activity of the company is to manage, maintain, protect, develop and enhance the intellectual property of group companies.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors consider the result for the year to be satisfactory.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £256,000 (year to 27 February 2010 profit - £14,000).
The directors do not recommend the payment of a dividend.

DIRECTORS

The directors holding office during the year were as follows:

P E Day
D O Houston
A Whitaker (resigned 18 June 2010)

In accordance with the Articles of Association, no director retires by rotation.

DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 auditors are aware of such information.

By order of the Board



J Carruthers
Secretary

24 June 2011

EWM (IP) LIMITED
Registered Number: SC285031

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 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).

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 EWM (IP) LIMITED

We have audited the financial statements of EWM (IP) Limited for the year ended 26 February 2011 set out on pages 6 to 13. 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 4, 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 26 February 2011 and of its loss 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.

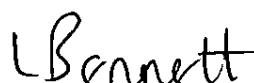
Opinion on other matter prescribed by the Companies Act 2006

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

24 June 2011

EWM (IP) LIMITED
Registered Number: SC285031

PROFIT AND LOSS ACCOUNT
For the Year Ended 26 February 2011

			<i>Continuing Operations</i>		
	<i>Notes</i>	<i>Total Year 2010/11 £000</i>	<i>Discontinued Operations 2009/10 £000</i>	<i>Continuing Operations 2009/10 £000</i>	<i>Total Year 2009/10 £000</i>
TURNOVER	1	-	4,331	-	4,331
Cost of sales		(53)	(2,593)	(105)	(2,698)
GROSS (LOSS)/PROFIT		(53)	1,738	(105)	1,633
Selling and administrative expenses		(2)	-	-	-
Amortisation of goodwill		(53)	-	(57)	(57)
OPERATING (LOSS)/PROFIT		(108)	1,738	(162)	1,576
Net interest payable and similar charges	5	(257)			(273)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(365)			1,303
Tax on (loss)/profit on ordinary activities	6	109			(1,289)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	11	(256)			14

There were no gains or losses recognised in the year other than those dealt with in the profit and loss account above.


EWM (IP) LIMITED
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BALANCE SHEET
At 26 February 2011

	<i>Notes</i>	<i>26 February 2011 £000</i>	<i>27 February 2010 £000</i>
FIXED ASSETS			
Intangible assets	7	728	834
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	8	14,704	14,650
		<hr/>	<hr/>
CREDITORS: amounts falling due within one year	9	(9,617)	(9,413)
		<hr/>	<hr/>
NET CURRENT ASSETS		5,087	5,237
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,815	6,071
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	10	5,000	5,000
Profit and loss account	11	815	1,071
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	11	5,815	6,071
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 24 June 2011 and were signed on its behalf by:


Philip Day
Director


David Houston
Director

EWM (IP) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 26 February 2011

1. ACCOUNTING POLICIES

Financial year

These financial statements are drawn up for the 52 week period ended 26 February 2011.

Basis of preparation of accounts

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

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

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

Turnover

Turnover represents services supplied net of value added tax.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. 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, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

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.

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 26 February 2011

2. DIRECTORS' EMOLUMENTS

There were no directors emoluments paid in the year (2009/10 £Nil). All directors during both years were members of a group defined benefit pension scheme. Their remuneration is disclosed in the accounts of the parent company.

3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION
(Loss)/profit on ordinary activities before taxation is stated after charging:

	<i>2010/11</i> <i>£000</i>	<i>2009/10</i> <i>£000</i>
Amortisation of intangible fixed assets	106	2,755
Auditors' remuneration – audit services	2	2
	<hr/>	<hr/>

4. STAFF COSTS

There were no employees of the company in either year.

5. NET INTEREST PAYABLE AND SIMILAR CHARGES

	<i>2010/11</i> <i>£000</i>	<i>2009/10</i> <i>£000</i>
Interest payable on bank borrowings	257	238
Other interest	-	35
	<hr/>	<hr/>
	257	273
	<hr/>	<hr/>

EWM (IP) LIMITED**Registered Number: SC285031****NOTES TO THE FINANCIAL STATEMENTS****For the Year Ended 26 February 2011****6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES****a. Analysis of (credit)/charge for the year**

	2010/11 £000	2009/10 £000
<i>Current tax</i>		
UK corporation tax on (loss)/profit for the year	(109)	1,098
Adjustment in respect of prior periods	-	191
	<u>(109)</u>	<u>1,289</u>

b. Factors affecting the tax (credit)/charge for the year

	2010/11 £000	2009/10 £000
(Loss)/Profit on ordinary activities before taxation	<u>(365)</u>	<u>1,303</u>
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 – 28%)	(102)	365
Disallowable expenses and non-taxable income	-	742
Adjustment to tax charge in respect of prior periods	-	191
Marginal relief	-	(2)
UK transfer pricing	(7)	(7)
	<u>(109)</u>	<u>1,289</u>

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 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and became effective from 1 April 2011. The Budget on 25 March 2011 announced an incremental rate reduction from 27% to 26% to apply from 1 April 2011. This will reduce the company's future tax charge accordingly.

EWM (IP) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 26 February 2011

7. INTANGIBLE ASSETS

	<i>Intellectual Property £000</i>	<i>Goodwill £000</i>	<i>Total £000</i>
Cost:			
At 28 February 2010 and 26 February 2011	541	531	1,072
Amortisation:			
At 28 February 2010	132	106	238
Provided during the year	53	53	106
At 26 February 2011	185	159	344
Net book value at 26 February 2011	356	372	728
Net book value at 27 February 2010	409	425	834

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

The goodwill is being amortised on a straight line basis over the directors' estimate of its useful economic life of 10 years.

8. DEBTORS

	<i>26 February 2011 £000</i>	<i>27 February 2010 £000</i>
UK corporation tax – group relief recoverable from fellow subsidiaries	54	-
Amounts owed by group undertakings	14,650	14,650
	14,704	14,650

The amounts owed by group undertakings are all due after one year.

EWM (IP) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 26 February 2011

9. CREDITORS: amounts falling due within one year

	<i>26 February 2011 £000</i>	<i>27 February 2010 £000</i>
Bank overdraft	9,575	8,745
UK corporation tax	-	626
Other creditors and accruals	42	42
	<u>9,617</u>	<u>9,413</u>

The bank overdraft facility 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.

10. CALLED UP SHARE CAPITAL

	<i>26 February 2011 £000</i>	<i>27 February 2010 £000</i>
Allotted, called up and fully paid 5,000,000 Ordinary Shares of £1 each	<u>5,000</u>	<u>5,000</u>

11. RESERVES AND RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>2010/11 Total £000</i>	<i>2009/10 Total £000</i>
At beginning of year	5,000	1,071	6,071	6,057
(Loss)/Profit for the year	-	(256)	(256)	14
At end of year	<u>5,000</u>	<u>815</u>	<u>5,815</u>	<u>6,071</u>

12. RELATED PARTY TRANSACTIONS

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

EWM (IP) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 26 February 2011

13. 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>26 February 2011 £000</i>	<i>27 February 2010 £000</i>
Committed Revolving Credit and Ancillary Facilities	43,600	44,000

14. ULTIMATE 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.