Peacocks Stores Limited

(formerly EWM (IP) Limited)

Annual Report and Financial Statements

53 weeks ended 2 March 2013

Registered Number : SC285031

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ANNUAL REPORT AND FINANCIAL STATEMENTS

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PEACOCKS STORES LIMITED
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DIRECTORY

DIRECTORS
P E Day
K B Lee
C Leigh
S R Simpson
D O Houston (appointed 1 March 2012 and resigned 4 September 2012)

SECRETARY
J Carruthers

AUDITOR
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

PEACOCKS STORES LIMITED
(formerly EWM (IP) Limited)
Registered Number: SC285031

DIRECTORS' REPORT

The directors present their report and financial statements for the 53 week period ending 2 March 2013. The comparative figures are for the 52 week period ended 25 February 2012.

On 29 February 2012 the company changed its name to Peacocks Stores Limited.

PRINCIPAL ACTIVITY

Key business activities

The principal activity of the company is the retailing of a range of clothing for the family.

Its main customer profile is the younger mum shopping for herself and her family. Peacocks typically targets the C2, D and E socio-economic groups, whilst also attracting a wider range of value-conscious shoppers.

Business objectives and financial performance

The directors consider the result for the period to be highly satisfactory. Since acquisition in February 2012 strong management and tight cost control have allowed the business to prosper.

Management of risks/uncertainties

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

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

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

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

  As a matter of policy, the group of which Peacocks is a part, ensures that a minimum of 40% of the committed debt is hedged by means of fixed interest rate swaps.

- **Major disruptive events:** The company operates ongoing Business Continuity planning which is reviewed and updated on a regular basis. A formal Business Continuity Plan exists and an external Disaster Recovery contract is in place with a reputable third party provider. These plans are simulated in a 'real' environment at least once a year, in order to ensure that in the case of a disaster to a key area of the business, the systems environment can be re-established within pre-defined timeframes.

- **Impact of legislation/other regulatory requirements:** The company monitors current and forthcoming legislation on a regular basis and operates policies and procedures within the business which are consistent with such requirements. As well as utilising third party professionals, the company employs considerable in house expertise in order that these developments are adequately assessed and policies and procedures developed to ensure that any implications are addressed and that risks arising are minimised.

DIRECTORS' REPORT

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

- **Pension funding risk:** The company does not operate a Defined Benefit pension scheme but does participate in a Group Personal pension scheme which is based on defined contributions. The company therefore assesses the pension funding risk as minimal.

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

Key Performance Indicators

The company utilises a number of Key Performance Indicators (KPI's) in order to monitor and assess the performance of the business and compares these with targets which are set at the beginning of each fiscal year. The main KPI's for the 53 weeks to 2 March 2013 are as follows:

Operating Profit % (Operating Profit of continuing operations as a % of turnover)	16.45%
Free Cash Flow % (Operating cash flow (excluding interest, tax and financing payments) as a % of Operating Profit)	146.51%
Working Capital % (Net current assets as a % of turnover)	13.86%
Return on Capital Employed (Profit before tax and goodwill as a % of Shareholders' Funds)	113.97%
Operating Profit per Employee (Operating Profit/average number of employees)	£9,323

No calculations are included for 2012 above as the business of Peacocks was only acquired on 22 February 2012.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £39,156,000 (2012 - £354,000). The directors do not recommend the payment of a dividend (2012: £nil).

DIRECTORS

The directors holding office during the period were as follows:

P E Day
K B Lee
C Leigh
S R Simpson
D O Houston (appointed 1 March 2012 and resigned 4 September 2012)

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

DIRECTORS' REPORT

EMPLOYEES

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

Key areas are:

- Newsletter updating staff of developments in the company.
- Annual performance appraisals for all levels of staff.

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

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

CHARITABLE DONATIONS

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

By order of the Board

J Carruthers
Secretary

1 July 2013

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

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of 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; 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 PEACOCKS STORES LIMITED (FORMERLY EWM (IP) LIMITED)

We have audited the financial statements of Peacocks Stores Limited (formerly EWM (IP) Limited) for the 53 week period ended 2 March 2013 set out on pages 8 to 20. 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 6, 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 Auditing Practices Board'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2 March 2013 and of its profit for the 53 week period 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 period 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, 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.

Martin Ross (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
191 West George Street
Glasgow
G2 2LJ
2 July 2013

PEACOCKS STORES LIMITED
(formerly EWM (IP) Limited)
Registered Number: SC285031

PROFIT AND LOSS ACCOUNT
For the 53 Weeks Ended 2 March 2013

	Notes	*Continuing Operations 53 weeks ended 2 March 2013*	*Release of Negative Goodwill 53 weeks ended 2 March 2013*	*Total Year 53 weeks ended 2 March 2013*	*Continuing Operations 52 weeks ended 25 February 2012*	*Discontinued Operations 52 weeks ended 25 February 2012*	*Total Year 52 weeks ended 25 February 2012*
		£000	*£000*	*£000*	*£000*	*£000*	*£000*
TURNOVER	1	315,874	-	315,874	2,578	-	2,578
Cost of sales		(250,368)	7,909	(242,459)	(1,272)	(53)	(1,325)
GROSS PROFIT/(LOSS)		65,506	7,909	73,415	1,306	(53)	1,253
Distribution costs		(14,715)	-	(14,715)	(28)	-	(28)
Administrative expenses		(6,725)	-	(6,725)	(378)	-	(378)
Amortisation of goodwill		-	-	-	-	(53)	(53)
OPERATING PROFIT/(LOSS)		44,066	7,909	51,975	900	(106)	794
Net interest payable and similar charges	5			(318)	-	(84)	(84)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3			51,657	900	(190)	710
Tax on profit/(loss) on ordinary activities	6			(12,501)	(413)	57	(356)
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	16			39,156	487	(133)	354

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

PEACOCKS STORES LIMITED
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BALANCE SHEET
At 2 March 2013

	Notes	*2 March 2013* *£000*	*25 February 2012 (restated – note 22)* *£000*
FIXED ASSETS			
Intangible assets	7	-	(7,909)
Tangible assets	8	4,270	2,000
		4,270	(5,909)
CURRENT ASSETS			
Stocks	9	34,163	26,129
Debtors	10	5,684	1,324
Cash at bank and in hand		74,540	5,255
		114,387	32,708
CREDITORS: amounts falling due within one year	11	(70,614)	(20,629)
NET CURRENT ASSETS		43,773	12,079
TOTAL ASSETS LESS CURRENT LIABILITIES		48,043	6,170
CREDITORS: amounts falling due after one year	12	(29)	-
		48,014	6,170
PROVISIONS FOR LIABILITIES AND CHARGES	14	(2,689)	(1)
NET ASSETS		45,325	6,169
CAPITAL AND RESERVES			
Called up share capital	15	5,000	5,000
Profit and loss account	16	40,325	1,169
SHAREHOLDER'S FUNDS	16	45,325	6,169

These financial statements were approved by the board of directors on 1 July 2013 and were signed on its behalf by:

Philip Day
Director

Kristian Lee
Director

NOTES TO THE FINANCIAL STATEMENTS
For the 53 Weeks Ended 2 March 2013

1. ACCOUNTING POLICIES

Financial period
These financial statements are drawn up for the 53 week period ended 2 March 2013. The comparative figures are for the 52 week period ended 25 February 2012.

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

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

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

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

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.

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

Negative goodwill
Negative goodwill represents the difference between the assessed fair values, based on readily ascertainable market values, and the relevant purchase consideration in relation to non-monetary assets acquired and is released to the profit and loss account in line with the depreciation or sale of the non-monetary assets to which it relates.

Tangible fixed assets
All fixed assets are initially recorded at cost.

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

Short Leasehold Property	the shorter of 10 years or life of the lease
Fixtures and fittings	12.5% per annum
Plant and machinery	25% per annum

1. ACCOUNTING POLICIES (CONTINUED)

Stocks
Stocks are stated at the lower of cost and net realisable value. Cost is based on purchase price. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolescence, markdown and shrinkage.

There is no material difference between the balance sheet value of stocks and their replacement cost.

Taxation
The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation
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 Group's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

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

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

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

Operating leases
Operating lease rentals payable/receivable are charged/credited to the profit and loss account as incurred.

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

Provisions
In accordance with FRS 12, provision is made for expected dilapidation costs on properties. Provisions are not discounted.

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the 53 Weeks Ended 2 March 2013

2. DIRECTORS' EMOLUMENTS

	2012/13 53 weeks £000	*2011/12 52 weeks £000*
Aggregate emoluments	89	-
Employer contributions to defined contribution pension schemes	5	-

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

Emoluments	89	-

The directors' emoluments and pension contributions were all borne by a fellow subsidiary.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	53 weeks ended 2 March 2013 £000	*52 weeks ended 2 March 2012 £000*
Amortisation of intangible fixed assets	-	106
Release of negative goodwill	(7,909)	-
Depreciation of tangible fixed assets	367	-
Rent receivable – operating leases	(304)	-
Auditor's remuneration – audit of these financial statements	40	3
Operating leases - property	31,861	-
- plant and machinery	1,255	-

4. STAFF COSTS

	53 weeks ended 2 March 2013 £000	*52 weeks ended 2 March 2012 £000*
Wages and salaries	48,647	56
Social security costs	2,921	119
Other pension costs	95	-
	51,663	175

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

	Number of employees 53 weeks ended 2 March 2013	*52 weeks ended 2 March 2012*
Retail	4,888	57
Distribution	454	6
Office and management	233	2
	5,575	65

NOTES TO THE FINANCIAL STATEMENTS
For the 53 Weeks Ended 2 March 2013

5. NET INTEREST PAYABLE AND SIMILAR CHARGES

	53 weeks ended 2 March 2013 £000	*52 weeks ended 2 March 2012 £000*
Interest payable on bank borrowings	15	84
Interest payable on finance leases	1	-
Interest payable on intercompany loans	681	-
	697	84
Group Interest receivable	(379)	-
Net Interest payable	318	84

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

a. Analysis of charge for the period

	53 weeks ended 2 March 2013 £000	*52 weeks ended 2 March 2012 £000*
Current tax		
UK corporation tax on profit for the period	12,454	234
Adjustment in respect of prior periods	-	121
	12,454	355
Deferred Tax		
Origination and reversal of timing differences	47	1
Total tax charge for the period	12,501	356

b. Factors affecting the tax charge for the period

	53 weeks ended 2 March 2013 £000	*52 weeks ended 2 March 2012 £000*
Profit on ordinary activities before taxation	51,657	710
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 24.19 % (2011/12 – 26.19%)	12,496	186
Disallowable expenses and non taxable income	65	-
Adjustment to tax charge in respect of prior periods	-	121
Capital allowances in excess of depreciation	(47)	(1)
UK transfer pricing	(60)	49
	12,454	355

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

c. Factors affecting future tax charges

The 2012 Budget on 21 March 2012 announced that the U.K. corporation tax rate will continue to reduce. Ultimately the corporation tax rate is expected to be 20% by 2015. A reduction in the rate from 26% to 24% (effective from April 2012) was substantively enacted on 26 March 2012 and substantive enactment of the rate of 23% with effect from 1 April 2013 took placed on 3 July 2012. The deferred tax liability at 2 March 2013 has therefore been calculated having regard to the rate of 23% substantively enacted at the balance sheet date. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax.

7. INTANGIBLE ASSETS

	Intellectual Property £000	*Goodwill £000*	*Negative Goodwill £000*	*Total £000*
Cost or valuation:				
At 26 February 2012	5,000	1,069	-	6,069
Reclassification (see note below)	(5,000)	5,000	-	-
FRS 7 adjustment (note 22)	-	(6,069)	(7,909)	(13,978)
Released in the year to cost of sales	-	-	7,909	7,909
At 2 March 2013	-	-	-	-
Amortisation:				
At 26 February 2012 and 2 March 2013	-	-	-	-
Net book value at 2 March 2013	-	-	-	-
Net book value at 25 February 2012	5,000	1,069	-	6,069

Intellectual property in relation to an acquisition made in the previous financial year has been reclassified as goodwill. The directors believe this treatment more appropriately reflects the nature of the business acquisition where the intellectual property is integral to the entire business acquired and not discrete elements in their own right. The impact on earnings from this change in balance sheet presentation is insignificant.

The reduction in goodwill in accordance with FRS 7 is explained in note 22.

Intellectual property rights are 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 20 years.

8. TANGIBLE ASSETS

	Short Term Leasehold Property £000	*Plant and Machinery £000*	*Fixtures and Fittings £000*	*Total £000*
Cost:				
At 26 February 2012	-	500	1,500	2,000
Additions	1,413	185	1,039	2,637
At 2 March 2013	1,413	685	2,539	4,637
Depreciation:				
At 26 February 2012	-	-	-	-
Charge for the period	13	113	241	367
At 2 March 2013	13	113	241	367
Net book value at 2 March 2013	1,400	572	2,298	4,270
Net book value at 25 February 2012	-	500	1,500	2,000

Included within fixtures, fittings and equipment are assets held under finance leases with a net book value of £39,000 (2012: £nil).

9. STOCKS

	2 March 2013 £000	*25 February 2012 (restated – Note 22) £000*
Finished goods	34,163	26,129

10. DEBTORS

	2 March 2013 £000	*25 February 2012 £000*
Trade debtors	273	54
Prepayments and accrued income	5,359	1,252
Other debtors	52	18
	5,684	1,324

11. CREDITORS: amounts falling due within one year

	2 March 2013 £000	*25 February 2012 £000*
Trade Creditors	19,370	-
Bank overdraft	-	48
UK corporation tax	6,711	356
Social security and other taxes including VAT	7,408	268
Other creditors and accruals	17,920	812
Obligations under finance leases (note 13)	8	-
Amounts owed to Group undertakings	19,197	19,145
	70,614	20,629

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 obligor group companies.

12. CREDITORS: amounts falling due after one year

	2 March 2013 £000	*25 February 2012 £000*
Obligations under finance leases (note 13)	29	-

13. OBLIGATIONS UNDER FINANCE LEASES

	2 March 2013 £000	*25 February 2012 £000*
Due within one year	8	-
In two to five years	29	-
	37	-

Obligations under finance leases are secured on the related assets.

NOTES TO THE FINANCIAL STATEMENTS
For the 53 Weeks Ended 2 March 2013

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Dilapidations *£000*	*Deferred Tax* *£000*	*Total* *£000*
At 26 February 2012	-	1	1
Charged to profit and loss account (note 6)	2,641	47	2,688
At 2 March 2013	2,641	48	2,689

Deferred taxation provided in the financial statements is as follows:

	2 March 2013 *£000*	*25 February 2012* *£000*
Accelerated capital allowances	48	1

15. CALLED UP SHARE CAPITAL

	2 March 2013 *£000*	*25 February 2012* *£000*
Allotted, called up and fully paid		
5,000,000 Ordinary Shares of £1 each	5,000	5,000

16. RESERVES AND RECONCILIATION OF MOVEMENTS ON SHAREHOLDER'S FUNDS

	Share capital *£000*	*Profit and loss account* *£000*	*2 March 2013 Total* *£000*	*25 February 2012 Total* *£000*
At beginning of period	5,000	1,169	6,169	5,815
Profit for the period	-	39,156	39,156	354
At end of period	5,000	40,325	45,325	6,169

17. RELATED PARTY TRANSACTIONS

During the period the company paid for services totalling £160,584 (2012: £nil) from Hayton Construction Limited, of which £31,228 (2012: £nil) was still to be paid as at the period end. P Day's wife is the sole proprietor of Hayton Construction.

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

18. OPERATING LEASE COMMITMENTS

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

	2 March 2013		*25 February 2012*	
	£000	*£000*	*£000*	*£000*
	Property *£000*	*Other* *£000*	*Property* *£000*	*Other* *£000*
Leases which expire:				
Within one year	970	76	-	-
Between one and two years	2,381	230	-	-
Between two and five years	11,872	118	-	-
In five years or more	16,909	-	-	-
At end of period	32,132	424	-	-

19. PENSION COMMITMENTS

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

The charge to the Company for the period was £95,000 (2012: £nil).

The unpaid contributions at the period end, included in 'Other Creditors and Accruals' (note 11) were £30,000 (2012: £nil).

20. 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:

	2 March 2013 £000	*25 February 2012 £000*
Committed Revolving Credit and Ancillary Facilities	85,000	85,000
Contingent liability to the company based on group utilisation of facilities at period end	71,248	35,166

21. 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.

22. ACQUISITIONS

On 22 February 2012 the company acquired the trade and certain assets from the administrators of Peacock's Stores Limited, Peacocks (Nantgarw) Limited and Dorsman Estates Co. Limited. A fair value review has been carried out as follows:

	Fair value 25 February 2012 £000	*Reclassification £000*	*Adjustments £000*	*Final Fair value 25 February 2012 £000*
Intangible fixed assets	5,000	(5,000) (a)	-	-
Tangible fixed assets	2,000	-	-	2,000
Stock	13,016	-	13,978 (b)	26,994
Debtors	2,718	-	-	2,718
Cash	798	-	-	798
Net assets	23,532	(5,000)	13,978	32,510
Goodwill/(Negative Goodwill)	1,069	5,000	(13,978)	(7,909)
Purchase consideration	24,601	-	-	24,601

22. ACQUISITIONS (CONTINUED)

Adjustments have been made to the values acquired for the following reasons:

(a) As stated in note 7 intellectual property has been reclassified as goodwill.

(b) The fair values of stocks were determined having regard to material uncertainties which existed at that time over the quality, quantity and saleability of such stocks. The close proximity of the relevant acquisition to the previous year end, the seasonality of the business and, consequently, the short trading period prior to those financial statements being approved did not provide sufficient time for the directors to fully evaluate the underlying trading pattern attributable to the sale of such stocks prior to the approval of the previous year's financial statements.

Over the course of the financial year, and based upon the fair values adopted on acquisition, the margin achieved on the sale of such stocks was significantly ahead of the margin anticipated on acquisition having regard to the uncertainties noted above. Accordingly, in accordance with FRS 7 (paragraph 57) the directors have re-examined the fair values of the relevant stocks determined on acquisition and have made adjustments to those fair values, with a corresponding adjustment having been made to goodwill in relation to the acquired businesses which resulted in the creation of negative goodwill of £7,909,000.